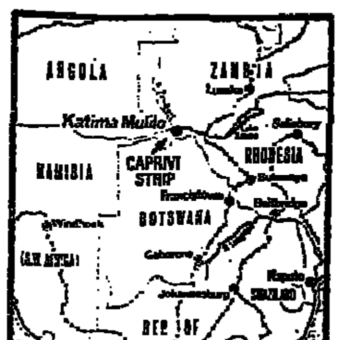
FINANCIAL TIMES

No. 27,646 Friday August 25 1978 ***15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Pta 40; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL



Revenge raid on Zambia

Dr. Kurt Waldheim, the UN Secretary-General, and the five Western powers which negotiated the Namibia independence plan are expected to be asked to intervene following serious clashes between South African troops and Zambia-based SWAPO guerrillas.

Pretoria defence headquarters confirmed yesterday that South African troops made a raid into *Zambia but denied Zambian* accusations that jets had strafed civilian targets and hit a school. Back Page

Thorpe delay

The next court appearance of Mr. Jeremy Thorpe, the former Liberal leader charged with conspiracy to murder Mr. Norman Scott, has been put back from September 12 to October 9.

Olympic warning

Dr. David Owen, Foreign Secretary, warned yesterday that governments and individual competitors might boycott the Moscow Olympics in 1980 if Russia did not improve its human rights record. Britain's Sports Council is to consider withdrawing from the games because of the USSR's "continuing disregard of human rights."

Guerrillas leave

A Venezuelan aircraft left *Managua yesterday with rebels* who had seized the Nicaraguan National Palace, some of their hostages and freed political prisoners. Page 4

Plutonium move

All plutonium facilities at Aldermaston have been closed because of trade union anxieties. The Ministry of Defence said the sections would not reopen until staff could be given reassurances about health.

Fears for crew

The five-man crew of the Mary Weston were feared dead last night after a collision with another ship in the Seine estuary.

Flights cancelled

Spanish holiday charter companies have cancelled all weekend flights between France and Spain as French air traffic controllers prepare to resume their work-to-rule. Page 3

Briefly . . .

The Department of Health and Social Security has repeated its warning to consumers not to eat canned salmon from the U.S.

Automobile Association membership has reached a record 5,300,000.

New Zealand was 280 for 5 after the first day of the Lord's cricket Test against England.

A West Berlin court has ordered the Swiss pharmaceutical concern Hoffman-La Roche to reduce Valium and Librium prices. Page 2

Ugandan President Idi Amin shot a hippo when it charged a boat in which he was travelling on Lake Victoria.

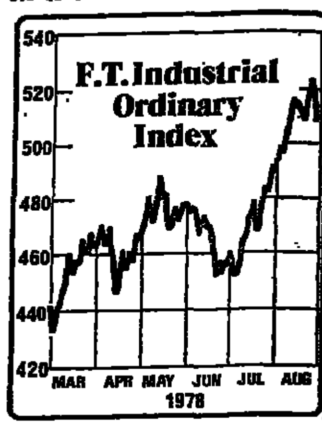
Roman Catholic cardinals go into conclave today to choose the 263rd pope. Page 2

More than 80 per cent of the British population believes women should be admitted to the priesthood, according to an NOP *Market Research survey.*

BUSINESS

Equities down 10; Gilts quiet

● **EQUITIES** fell in response to the approaching holiday, as dealers were reluctant to carry large amounts of stock. Institutions showed little enthusiasm for buying, and by the close private selling brought the FT ordinary index down 9.9 to 509.3.



● **GILTS** were subdued and the Government Securities index fell 0.01 to 70.65.

● **STERLING** rose 35 points to $1.9305 and its trade-weighted index remained unchanged at 62.2. The dollar fell to its lowest levels of the day in the late afternoon on selling in New York, and its depreciation widened to 9.2 per cent (9.0).

● **GOLD** rose $2¼ to $202⅝ in London.

● **WALL STREET** was 2.34 up at 899.34 just before the close.

● ***ALGEMENE BANK NEDERLAND***, the largest bank in Holland, has made a $82m cash bid for the entire outstanding capital of Lasalle National Bank of Chicago. Page 24

● **PAN AM** chairman has defended his airline's proposed $300m acquisition of National Airlines. Back Page

Investment by industry up

● **MANUFACTURING** industry capital investment in the April-to-June period rose about 6 per cent to £979m, according to Department of Industry figures. This brings the volume of investment for the first half of the year 3 per cent up on the same period of 1977. Back Page

● **GROSS DOMESTIC** Product in the UK has been rising faster than expected, with a 4.8 per cent rise between 1975 and 1977, *according to Central Statistics* Office figures. Page 6

● **BRITISH SHIPBUILDERS** have been served with a writ from the Niarchos shipping group for late delivery of a supertanker being built on the Clyde.

● **AUSTIN AND PICKERSGILL** chairman has told workers at the Southwick shipyard on the River Wear, that productivity since nationalisation has dropped more than 20 per cent. Page 6

● ***POST OFFICE*** engineers' dispute has cost the Post Office well over £10m, largely in lost revenue from the 130,000 would-be subscribers not yet connected because of the union's blacking of new equipment. Back Page. Meanwhile, Australia's international communications systems have worsened following workers' rejection of a peace formula.

● **BARCLAYS BANK** is to launch a pilot scheme for operating individual retailers' credit cards. Initially the sheme will *be carried out with a tailoring* chain. Page 6

COMPANIES

● **HOUSE OF FRASER** pre-tax profits for the 13 weeks to July 29 increased from £4.63m to £6.93m, raising the total for 26 weeks to £8.32m from £5.57m. Page 20 and Lex

● **BLUE CIRCLE** Industries pre-tax profits for the first half of 1978 were £21.3m against £22.3m last year, on turnover of £198m (£177.3m). Page 21 and Lex

U.S. prepared to draw on IMF to protect dollar

BY JUREK MARTIN, WASHINGTON, August 24

The U.S. is prepared to draw on its considerable resources at the International Monetary Fund to protect the value of the dollar.

The timing of a formal announcement will depend on the Administration's reading of the mood of the foreign exchange market.

There is even the hope that an actual drawing will prove unnecessary if merely signalling the intention of going to the IMF, combined with other actions on the economic and monetary policy fronts, satisfies the markets that the U.S. is committed to upholding the value of its currency.

The U.S. credit position at the *IMF is such that it is entitled to* draw as much as about $4.4bn without incurring the economic policy conditions that the IMF agrees with nations who borrow from it.

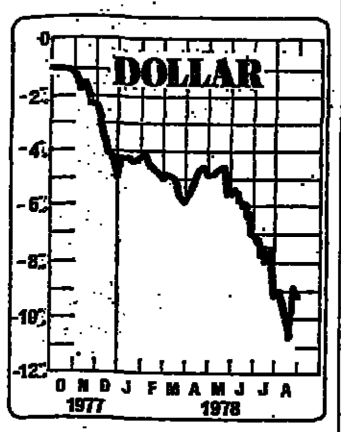
In theory, the U.S. is not even obliged to do more than merely notify the IMF Board of its decision to draw the first three quarters of its entitlement, known as its super credit tranche. Board approval of the remaining 25 per cent is technically required, though under normal circumstances is a *formality.*

In practice, however, a substantial U.S. drawing would severely deplete the IMF's useable hard currency resources, which might have to be replenished by activation of the General Arrangements to Borrow. As a result, consultations with both the IMF Board and the group of ten major industrial countries would be required.

The IMF's hard currency pool, which, if the U.S. were to draw, would have to be stripped of both the dollar content and other internationally frail currencies, is worth between $4-5bn in practical terms. The usable size of the General Arrangements to Borrow, applying the same criteria, is probably rather more than $3bn.

It *may* well be, therefore, that *the U.S. will settle for an initial* drawing, if it is deemed necessary, of rather less than its full entitlement. The fund board is in recess at present but reconvenes next Monday. Mr. Sam Cross, the U.S. executive director, broke his holiday to confer with senior Treasury staff members this morning.

The U.S. has borrowed from the IMF on previous occasions, but not under the circumstances which apply now. In 1971, for example, two U.S. drawings of the equivalent of 500m special *drawing rights* in Belgian francs and Dutch guilders were designed to mop up the excess dollar holdings of those two Governments. Other operations, of an essentially bookkeeping nature, have taken place, though none since 1972.



Recourse to the IMF, it is stressed here, must be seen as part of a continuing series of measures the U.S. is taking to restore order to the foreign exchange markets.

Over the last week, these have included last Friday's ½-point increase in the discount rate, Tuesday's announcement of expanded gold sales, and what even New York dealers acknowledge is a much more sophisticated and canny approach to the currency markets themselves.

Nevertheless, it is accepted here that more formal action may well be required, particularly since no dramatic improve-

Continued on Back Page
Editorial Comment, Page 18
Money Markets, Page 25

Ford men to press for 25% rises

By Pauline Clark, Labour Staff

FORD MOTOR workers are to press ahead with an estimated 25 per cent pay claim in spite of the 5 per cent ceiling set by the Government for this year's wage increases.

The claim, tabled with the employers in London yesterday, serves as an uncomfortable *reminder* to Mr. *Callaghan* of last year's major Cabinet row over how to deal with a similar Ford claim—eventually settled in breach of the Government's then 10 per cent limit.

This year's Ford claim for 57,000 hourly-paid workers includes a demand for a *minimum* £20 a week flat rate increase for everyone, representing the first major challenge to the Phase Four pay guidelines.

The union side will use Ford's current profits trend as a major lever in pressing for some restoration of living standards since 1974.

With Ford's success in the UK evident, they see no reason to modify the key demands of a claim originally formulated well in advance of the Government's July White Paper.

Mr. Ron Todd, Transport and General Workers Union national organiser and successor to Mr. Moss Evans—now general secretary—as chairman of the union negotiators, said yesterday there could be no acceptance of the 5 per cent pay limit.

"We would certainly expect to get more than last year's 12.3 per cent settlement although the actual amount would be determined by negotiations.

"Our job is to represent the aspirations of our members. In the light of Ford's latest profits results, we believe the time has come to receive some restoration of lost earnings during the past years of income restraint."

Earlier this year Ford announced 1977 pre-tax profits of £246m and the union negotiators are estimating a rise to £300m in *1978 after allowing for* the "*main* elements" of their pay claim.

The company is the present leader of the UK car market with 28 per cent share over the first seven months this year.

Last year, the Ford workers' actual pay settlement probably amounted to nearer 15 per cent with fringe increases included. But the settlement lost some of its impact as a pacesetter for other industrial negotiations when it was upstaged by the Government's confrontation with the firemen over its then 10 per cent pay *increase limit.*

The unions say they are determined to make progress on their longstanding claim for a cut in the working week which could be an important step for other industries seeking a 35-hour week.

The eight-point claim includes demands for improvements in sickness benefit, holiday pay, shift rates and pensions.

Union threat to expel BL men

BY ALAN PIKE, LABOUR CORRESPONDENT

TOOLMAKERS AT the SU Fuel Systems factory, Birmingham—a part of BL—who are refusing to end an unofficial strike were told yesterday that unless they return to work on Monday they will be expelled from the Amalgamated Union of Engineering Workers.

The threat of expulsion, believed to be unprecedented in the union, is the first move in a calculated attempt by the leadership to break the power of the unofficial Leyland toolroom committee which has been campaigning for separate bargaining rights for several years. If it misfires it could plunge the company into an industrial relations crisis as serious as last year's devastating toolroom strike.

Mr. Terry Duffy, the union's president-elect, said that the decision in favour of expelling the strikers had not been taken lightly and was a courageous one which was necessary to protect many thousands of jobs in Leyland and its suppliers.

Members of the union's east Birmingham district committee decided that the strikers should be expelled unless they returned to work on Monday—a normal working day in BL Midlands factories for "refusing to comply with the rules of the union and complete disregard for the district committee and executive council." The expulsion decision has to be ratified by the executive *but there is little doubt* that this will follow.

Mr. George Regan, leader of the strikers, said last night that the expulsion altered nothing. "We knew all the possible consequences including expulsion when we went into this."

It is not likely, therefore, that the strikers will be back at work on Monday and attention will turn to the reaction of Mr. Fraser and the toolroom committee. This *is* due to meet tomorrow week but now may do so sooner.

Union leaders appear to sense that the power of the unofficial group is declining but there is a danger that such an emotive issue as the union's expelling a

Mr. Terry Duffy:
Decision not taken lightly.

Spearhead

Only one of the 32 strikers obeyed a summons to attend yesterday's district committee meeting in the union's Birmingham offices. The men five times have rejected union orders to call off a three-week stoppage in support of a demand for parity with the Rover toolroom, where toolmakers earn about £6 a *week more.*

They see themselves as spearheading the BL toolmakers' continuing campaign for pay parity and separate negotiating rights. But the union believes they should await company moves towards parity due to be completed by November next year.

Mr. Duffy made it clear that *Mr. Roy Fraser,* leader of the unofficial toolroom committee, and his colleagues, who are arranging financial support for the strikers, also risk disciplinary action from the union. Anyone *who* was financially supporting members violating rules was subject to discipline.

He hoped that the SU strikers would reconsider their position and return to work. If they did not, the expulsion could "precipitate a similar decision elsewhere."

The district committee decision "did not augur well for unofficial bodies."

group of strikers who are carrying the flag of the wider toolroom campaign will revive it.

There are many split loyalties in the union. Other engineering union members in the SU factory are working normally and seeking to overcome the strike, and 11 of the 23 district committee members who made yesterday's expulsion decision by "a substantial majority" were skilled men.

The SU strikers have the right of appeal to the union's final appeal court which is composed of lay members. But, union membership is customary in the toolrooms of BL and other large Midlands companies and, if the expulsion decision is final, they might not easily find other jobs.

The union eventually would have to find other toolmakers to take over the strikers' work and the success of this would depend on the power of the unofficial committee.

£ in New York

—	Aug. 25	Previous
Spot	$1.9250-9250	$1.9310-9330
1 month	0.49-0.43 dis	0.46-0.40 dis
3 months	1.38-1.30 dis	1.19-1.13 dis
12 months	4.70-4.50 dis	4.50-4.30 dis

Latest BP oil find not in commercial quantity

BY KEVIN DONE, ENERGY CORRESPONDENT

BRITISH PETROLEUM yesterday deflated the recent euphoria surrounding its drilling programme to the west of Shetland with the announcement that its latest well had not found oil in commercial quantities.

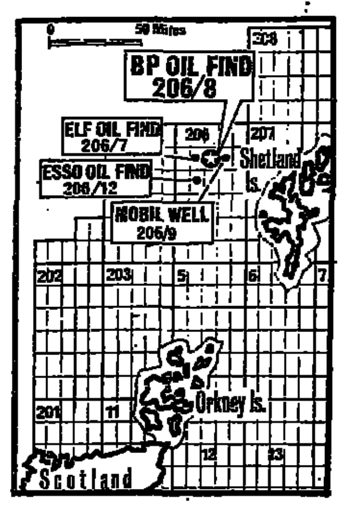
Hopes had been rising in recent weeks that its second well in block 206/8 would confirm a major oil find following the discovery well drilled last year.

At one point in July BP shares moved up 70p in just a few days, adding some £280m to the group's market value.

But the high hopes appear to have been misplaced. The well, 206/8-2, confirms the existence of a broad deposit of hydrocarbons in the area, but it raises doubts about whether oil and gas will be discovered in commercial quantities.

However, BP is pressing ahead with its appraisal programme. Having suspended the second well, it has moved the rig, Sea Conquest, to a new location, nearly two miles to the north-east of the discovery well 206/8-1a, which was drilled last year. The company has already begun work on the third well.

BP said yesterday that it had tested gas in the second well from a small accumulation at the top of the reservoir.



Tests at four deeper intervals had produced oil at non-commercial quantities. The oil is heavier than most of the finds in the North Sea, with a gravity of 22 to 25 API.

This latest well confirms that there will be considerable technical problems in recovering oil from the area west of the Shetland Islands, although the partners in the present block—BP, Chevron and Imperial Chemical Industries—could succeed in proving the existence of a large oil-bearing structure.

But it should be sufficient to focus keen oil industry attention on the area as companies apply for the latest batch of licences on offer under the Sixth Round, which includes several blocks to the west of the Shetlands.

A total of 25 wells have been drilled since Esso opened up the area in 1972. However, the real interest has been aroused only after work last year by Elf, Esso and BP.

A well drilled by Elf in the neighbouring block to BP's 206/7, produced oil at an aggregate flow of 1,700 barrels a day and gas at 3.9m cubic feet a day. Elf said that the commercial significance of the find could be assessed only after further exploration. No more wells are planned before next year.

Meanwhile BP's first well in block 206/8 flowed at 2,920 barrels a day through two test intervals.

Energy Review Page 8

Theft charges total £5.7m

FINANCIAL TIMES REPORTER

THEFT CHARGES totalling more than £5.7m were brought at Bow Street Court, London, yesterday against Mr. Trevor Pepperell, 50, a surveyor, who returned from West Germany on Wednesday night with Scotland Yard officers inquiring into the collapse of the London and County Securities banking group in 1973.

Mr. Pepperell was remanded in custody to next Thursday after a bail application was opposed by Det. Inspector John Kemp, of the Yard's commercial squad.

Mr. Pepperell, at one time a property consultant with an associate company of the London and County group, had been in custody at Oldenburg since April, but waived extradition formalities before his return.

He faced 37 charges of theft and other offences in connection with the London and County group's £50m losses in 1973.

Eight businessmen, arrested in *London in May over their* alleged involvement with the group, are due to appear in court next month, when a committal hearing date for the case may be fixed. But the group's former chairman Mr. Gerald Caplan is still in custody in Los Angeles awaiting extradition.

The eighteen theft charges against Mr. Pepperell alleged that he stole a total of £5,741,925 from the group in 1973 at its offices in Basinghall Street, EC and Euston Road, NW.

He also faced charges of obtaining a pecuniary advantage *by the reduction of overdrafts,* running into more than £6m with London and County. Other alleged offences include falsification of documents, and uttering and forging a letter relating to Avon Land Securities in 1974.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Caffyns	113	+ 6
Smith Wallis	86	+ 13
Victor Products	243	+ 10
Ward and Goldstone	105	+ 5
Mount Lyell	34	+ 3

FALLS

S. Rhodesia 2½pc '65-70	£51	− 4
Allied Insulators	66	− 4
Assd. Dairies	240	− 14
Beecham	710	− 11
Blue Circle	290	− 12
Brown (J.)	460	− 12
Costain (R.)	224	− 10
Courtaulds	116	− 5
Dalgety	304	− 8
Gt. Portland Estates	308	− 8
ICI	400	− 10
Lloyds Bank	263	− 7
Lucas Inds.	330	− 6
O.K. Bazaars	425	− 15
Tate and Lyle	178	− 4
Tube Invs.	422	− 10
Turner and Newall	185	− 8
Unilever	580	− 10
BP	902	− 14
Siebens (UK)	360	− 16
Guthrie	390	− 10
Conzinc Riotinto	284	− 6
Tasminex	100	− 10
Yukon Cons.	165	− 7

CONTENTS OF TODAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

هكذا من الاصل

EUROPEAN NEWS

Valium, Librium price cut ordered

By Leslie Colitt

BERLIN, August 24.

THE CARTEL Bench of the West Berlin District Court has ordered the Swiss pharmaceuticals company, Hoffmann-La Roche, to cut the price of its tranquillisers Valium and Librium by 24 per cent.

The company has said that it will appeal against the decision to the West German Supreme Court.

The court's decision is its second in the case, and follows a protracted legal struggle between the company and the West Berlin Cartel Office, an agency of the West German Economics Ministry.

In early 1973 the Cartel Office launched its investigation of the company's pricing of tranquillisers and subsequently ordered it to drop prices for Valium by 40 per cent and for Librium by 35 per cent.

In January 1976 the West Berlin District Court found that there was a "misuse" by the company of a "market dominating position" for the two drugs and called on it to lower prices by 28 per cent.

This ruling, however, was overturned by the High Court in Karlsruhe which ordered the case to be heard again.

The court's latest ruling is once more supported by the argument of misuse of a market dominating position. It says the manufacturers' prices for Valium and Librium are kept above competitive prices.

The concern has been ordered not to sell the two drugs in the future for more than 76 per cent of the present prices. It is also forbidden to charge more per unit for larger packs.

The Berlin court notes that although Hoffmann-La Roche no longer has a market-dominating position because of a sinking share of sales of the two tranquillisers, it still "shares domination" with other large competitors who invest heavily in research.

The Cartel Bench notes that there is no effective price competition between the companies in this "oligopoly." There are changes in market shares but no lowering of prices resulting from competition.

Three-fifths of the cost of the court case are to be carried by Hoffmann-La Roche and the remainder by the Cartel Office, the district court has ruled.

John Wicks writes from Zurich: Commenting on the judgment, Hoffmann-La Roche group headquarters in Basle says the company has always contended it does not possess and has not abused a dominating market position.

The market shares of the two drugs have "greatly declined" since the legal proceedings were initiated due to efficient competition from new products. Librium and Valium, Roche claims are the cheapest of the comparable products on the German market.

Drawing attention to the return of the case to the federal Supreme Court, the Basle concern says this proves that the case is "extraordinarily complex," both economically and legally.

An appeal against a judgment instructing Hoffmann-La Roche to reduce the prices of Valium and Librium in still pending in Holland.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription $200.00 (air freight) $360.00 (air mail) per annum. Second class postage paid at New York, N.Y.

THE CARDINALS MEET TO ELECT A POPE

Third World's growing strength widens the field

BY PAUL BETTS IN ROME

ANY BAPTISED Roman Catholic provided he is unmarried and male, can in theory at least, become Pope. But it is a distinctly remote possibility that the successor to Pope Paul VI will not be a member of the Sacred College of Cardinals, who will assemble in secret conclave this afternoon to elect the new Pontiff. None the less, the conclave remains a unique form of election, perhaps the most secret of all. This time it promises to be not only of major consequence to the Roman Catholic Church but also intensely intriguing for non-Catholics.

An unprecedented number of Cardinals will take part in the retreat within the Vatican Palace to elect the new Pope. The European Cardinals no longer hold the absolute majority, and with the increased weight of the Third World Cardinals, the choice could well fall on someone other than an Italian for the first time since the election of the Dutch Pope, Adrian VI, in 1522.

Although Cardinals over 80 years old no longer have a vote at least 111 of the 114 Cardinals entitled to elect the Pope are expected to attend the conclave. The three absent members include three who are sick, all non-Italian. Another, the Chinese Paul Cardinal Yu Pin suffered a heart attack and died in Rome shortly after the funeral of Pope Paul VI.

Never has the election of a Pope been so open. Pope Paul VI did not leave an obvious successor. The names of as many as 20 *Papabili* or possible successors have been flaunted about during the past few weeks. The election of an Italian, while still regarded as probable, is no longer seen as inevitable. Names like that of an Argentine of Italian origin, Eduardo Cardinal Pironio, or of the Austrian, Franz Cardinal Koenig, or the Dutch Johannes Cardinal Willebrands are repeatedly mentioned. Even among the more likely Italian candidates like Sergio Cardinal Pignedoli, Pope Paul's close friend, Sebastiano Cardinal Baggio, Giovanni Cardinal Benelli, Antonio Cardinal Poma, Salvatore Cardinal Pappalordo or Paolo Cardinal Bertoli there is no clear favourite.

The arguments in favour of another Italian Pope are strong. There would clearly be political difficulties for a pontiff of any other nationality. The Pope is also Bishop of Rome, and he must work with a largely Italian speaking Vatican bureaucracy. He would inevitably be involved with the complexities of Italian politics. A non-Italian Pope, however, would clearly demonstrate the universatility of the Church.

At least the Cardinals will be spared the menace of outside pressures on the conclave, all too frequent during the Renaissance when noblemen had recourse even to force to ensure the victory of their favourite. As late as the beginning of this century France, Spain and Austria claimed the right to veto the election of any Cardinal to the papacy. This right was invoked on several occasions, the last time in 1903 when Cardinal Puzyna, Archbishop of Cracow, vetoed the election of Cardinal Rampolla on behalf of the Austrian Emperor.

In the conclave, there will be 27 Italian Cardinals and 24 other West Europeans, five from East Europe, 30 from north and South America, 12 from Africa, and 13 from Asia and Australia. While the largest block of Cardinals is composed of the followers of Pope Paul VI's so-called middle road policy, there are also strong conservative and progressive currents. Divisions clearly persist between modernists and traditionalists and have been openly voiced in the pre-conclave declarations of some Cardinals.

On the face of it, the election could be a protracted affair. Although it could never match the election of Pope Gregory X in Viterbo in the 13th century which lasted 2 years 9 months and 2 days. Eventually the Captain of the city of Viterbo had the roof of the conclave hall removed to force the cardinals to make up their minds. But the cardinals are expected to seek a quick election to show, at least on the surface, a degree of unity at a time when the Church is suffering from what to all intents is a major crisis of identity. This election could well dictate the future shape the Roman Catholic church is likely to take.

In any event, by modifying the *Apostolic Constitution on the election of the Roman Pontiff*, Pope Paul VI sought to ensure a swift election. It can be carried out in three different ways. The first and rarest form is by acclamation or by inspiration when the Cardinals unanimously proclaim aloud one individual as Pontiff. The second and also little used formula is by delegation, when the Sacred College decides to entrust to a limited group of no more than 15 members the power of choosing the Pope. The third and most frequent method is by scrutiny when a majority of two-thirds plus one is required. *Should there be deadlock*, the new constitution rules that after three recourses to prayer the Pope can be elected by a simple majority plus one.

After the traditional pre-conclave ceremony in the Basilica of St. Peter's, the Cardinals, at 4.30 this afternoon, together with a number of officials, assistants, technicians, servants, two doctors all known as conclavists, will be confined to a sealed-off area of the Vatican Palace. The doors will be locked from the inside by the Cardinal Camerlengo, in charge of the orderly conduct of the conclave, and on the outside by the Marshals of the Conclave, who include a priest and two laymen, the Marchese Giulio Sacchetti, and the commander of the Swiss Guard, Baron von Altishofen.

All the conclavists take a solemn oath never to disclose anything of what happened during the conclave, and the sacred retreat will be thoroughly searched for any electronic devices and other instruments to guarantee the secrecy of the election. Although the once severe rules governing the life of the Cardinals have been somewhat relaxed, each Cardinal-Elector will have his own cell with the barest comforts and is forbidden to receive newspapers, periodicals or letters from outside the conclave precinct.

The voting itself takes place in the Sistine Chapel, specially fitted out for the occasion with red armchairs, desks, and writing material for the four daily ballots. Earlier this month, some mild panic was caused because the Chapel was thought too small to accommodate so many Cardinals, but the Vatican carpenters somehow managed to resolve the problem.

Twice a day, around noon and at about 7 pm, the ballot papers are burnt in the small stove used during the last four elections. If the ballot is unsuccessful, straw is added so that a little cloud of black smoke—the fumata nera—will come from the chimney high over the roof of the Sistine Chapel. If a Pope has been chosen, no straw is added and white smoke—the fumata bianca—will appear. The Dean of the Sacred College then solemnly announces from the balcony of St. Peter's "habemus papam"—"we have a Pope"—and names him to the vast crowd gathered in the square.

At the last election, white smoke appeared after the second ballot, which had been abortive. Although straw had been used, it was apparently too fresh and had not turned the smoke black. The Vatican is taking no chances this time. The little stove has been tested and some chemical substance is to be added to avoid any more blunders to what is undoubtedly not only one of the most solemn but also one of the most splendidly staged-managed occasions ever to take place.

Benelli Poma Baggi Pironio

Willebrands Pignedoli Koenig Pappalardo

St. Peter's Basilica in Rome and (above) some of the contenders for the Papal throne.

French airport closure threat

BY OUR OWN CORRESPONDENT

PARIS, August 24.

A BITTER row has broken out between the French Government and the country's 2,500 air traffic controllers, as the controllers prepare to resume the work-to-rule which has caused periodic chaos over the past month. *M. Joel le Theule, the Transport* Minister, has warned that, if necessary, he will close down certain airports and he has cancelled a meeting with controllers tomorrow, saying he will not negotiate under duress.

With the last weekend in August traditionally the period of the big rush back from the holidays (some 7m people are likely to be travelling in France), the Minister has accused the controllers of "blackmailing passengers" and of disguising mercenary interests beneath a cloak of concern for safety.

The work-to-rule resumes at midday tomorrow. At the most *militant of the four control* centres, Bordeaux (a crucial station for flights to southern Europe and North Africa), controllers intend to continue the work-to-rule until September 4. The other three centres have not made clear whether they will work normally between the weekends.

The Minister commented bitterly yesterday: "Is it reasonable to demand simultaneously a fifth week's paid holiday; a 35-hour working week, free air transport for civil aviation personnel; and incorporation of bonuses into salary?" He maintained that a controller with A-*level equivalent qualifications* can be earning Frs 6,500 (about

Air France and Air Inter (the French internal airline) say that they will maintain full schedules—though not necessarily timetables—over the weekend. Spanish charter companies have already cancelled all their flights between France and Spain.

Bonn warning on protectionism

BY JONATHAN CARR

BONN, August 24.

WEST GERMAN industrialists worried that the rise of the deutschemark will reduce their ability to compete against foreign goods at home and abroad heard some notably plain speaking today from the Government.

They were bluntly reminded from one source of the virtues of free trade and advised by another not to stare at the dollar rate against the German currency "like rabbits at a snake."

The comments on free trade came from Herr Hans Matthoefer, the Finance Minister, in a speech in Cologne before representatives of the clothing and textile industry—a branch facing a strong challenge from low price imports.

Herr Matthoefer noted the existence of the challenge, but drew a clear distinction between unfair dumping practices, which had to be controlled, and legitimate use by third countries of cost and location advantages.

Protectionism aimed at removing those advantages would simply lead up a blind alley, Herr Matthoefer said, adding that many of the textile exporting countries involved were developing industrially and were important customers for West German plant.

The Minister recognised that the clothing industry had been forced to make sacrifices—reflected in rationalisation and a cut in the labour force by 120,000 since 1972 to a total of 252,000 today. But this process had now slowed, use of capacity was about 92 per cent and the industry was scoring export successes.

Hua and Tito to sign agreements

By Paul Lendvai

BELGRADE, August 24.

YUGOSLAVIA and China are to sign two important long term economic and scientific-technical agreements this week and a special Sino-Yugoslav co-operation commission headed by the respective Vice-Premiers is to be set up.

Yugoslavia will stage a large industrial exhibition in Peking in April next year and the training of experts and large scale exchange of students has been under discussion during Chairman Hua Kuo-Feng's nine-day visit to the country.

Mr. Budimir Loncar, the Yugoslav Deputy Foreign Minister and Mr. Milojko Drulovic, Secretary of the Party Presidium, told the foreign Press last night that Chairman Hua's visit was a continuation of the same independent and non-aligned foreign policy that was reflected in Marshal Tito's visits to Moscow, Peking and Washington within the past year.

Meanwhile, an intensification of military co-operation is envisaged. According to unconfirmed but reliable reports General Stane Potocar, the chief of the Yugoslav General Staff, is to pay a visit to China, North Korea and possibly Japan next month.

Eanes in bid to defuse Portugal's political crisis

BY JIMMY BURNS

LISBON, August 24.

PORTUGUESE PRESIDENT Antonio Ramalho Eanes today denied that there was a confrontation between himself and the Socialists, the leading Parliamentary party, and stressed *his hope that the present political* crisis would eventually be solved through a new interparty agreement.

In his first Press conference since he took office more than two years ago, the President attempted to defuse the crisis resulting from the collapse of the Socialist-Conservative alliance a month ago. He described his differences with the Socialists as a "misunderstanding."

"I am confident . . . that good sense will prevail and that we shall be able to turn to the great task of building the future of Portugal," he said.

The Socialist Party launched a bitter attack on President Eanes two weeks ago following his dismissal of Prime Minister *Mario Soares*. They accused the President of acting unconstitutionally and have refused to participate in the government formed around Sr. Soares' designated replacement, Sr. Alfredo Nobre da Costa.

President Eanes defended Sr. da Costa as a man "capable of creating the necessary conditions for a fresh understanding between the political parties" and hinted that there would be no controversial changes to current economic policy.

There were also indications today that Sr. da Costa may have already completed his Cabinet although it will not be formally sworn in until next week. The *leading right-wing weekly* publication Tempo this morning published a full Government list including what the paper attacked as the surprise choice of three "pro-Communist Ministers"—shipyard executive Antonio Leal as Labour Minister, the chairman of Petrogal, the nationalised oil company, Sr. Correia Gago, as Foreign Affairs Minister, and a company director, Sr. Pereira Magro, as Social Affairs Minister.

USSR closes case against journalists

MOSCOW, August 24.

THE SOVIET UNION today closed the slander case brought by Soviet television against two U.S. correspondents with a warning that they could have been expelled from Moscow over the affair.

Mr. Craig Whitney of the New York Times and Mr. Harold Piper of the Baltimore Sun said they were told by a Foreign Ministry official that they deserved to lose their Press accreditation—tantamount to expulsion—but were being let off in the interests of Soviet-U.S. relations.

Reuter

France seeks way out of N-deal

By David Curry in Paris and David Fishlock in London

IF PAKISTAN formally declines to accept any modification of its original contract with France for the supply of a small reprocessing plant for spent nuclear fuel, it will give France the excuse to renege on the two-year-old contract.

France has already said that it will not attempt to export other reprocessing plant, although it may still co-operate with other nations on reprocessing studies.

President Giscard d'Estaing has said categorically that France will fulfil the order, but has couched his statement in terms sufficiently ambiguous to avoid the need to provide a process capable of separating pure plutonium—a nuclear explosive.

The French Government now accepts that, although the contract when made conformed with all international provisions on nuclear safeguards (the Pakistanis even offered additional safeguards), it no longer conforms with world opinion on proliferation.

Formally, the French Government is not commenting on the claim of Pakistan's military ruler General Zia-ul Haq that France no longer wishes to supply the reprocessing plant. However, the Elysee Palace has acknowledged that President Giscard d'Estaing wrote to the General on August 9 asking for even further safeguards than those already agreed between the two countries.

Over the past months a series of missions has discussed safeguards, with the French demanding in particular that the plant should produce a mixture of plutonium and uranium—the so-called "co-processing" process—rather than pure plutonium. Paris also apparently held back on supplies of equipment to Pakistan.

There is not much doubt that France would be relieved to have the contract off its back. The overthrow of the Pakistani Prime Minister Mr. Zulfikar Ali Bhutto by the Army gave Paris a useful pretext for re-examining the deal.

The contract also involves the French Government in some awkward export policy inconsistencies. At the end of 1976, the President brought together a special council to examine nuclear export policy. It declared France's willingness to impose rules for non-proliferation that were at least as severe as those set down by the London club of nuclear exporting nations and placed the ban on any further sales of reprocessing plants.

But it exempted deals already signed, noting that the contract with Islamabad was in any case tight enough to conform with international rules as they then stood.

The main problem for the French has been virulent U.S. opposition to the deal. With the Government dependent on Gaullist votes, and the Gaullists traditionally allergic to any suggestion that France was tolerating "U.S. interference" in her affairs, the Government could not afford unilaterally to cancel the contract. But there is no doubt that the renegotiations of the past year could be seen as a tacit invitation to Pakistan to call off the deal.

Energy review, Page 8

OVERSEAS NEWS

Guerrilla war in Rhodesia shuts hundreds of schools

SALISBURY, August 24.

GUERRILLA WARFARE in Rhodesia has forced the closure of hundreds of black schools as well as a few white ones, according to official figures disclosed today.

An education Ministry spokesman said that 25 per cent of the estimated 913,000 black children who would normally be in school had been sent home and 947 schools in the war-torn countryside had been abandoned.

In the past six weeks alone, 102 primary and secondary schools had shut down because of the war.

Earlier today the Government announced that it was closing one of the top secondary schools for whites and two white primary schools because of shrinking numbers of pupils.

An Information Ministry spokesman said Guinea Fowl High School, near Gwelo in the Midlands, was the first white secondary school to shut down since the Federation of Rhodesia and Nyasaland broke up in 1963.

He also disclosed that 18 white primary schools had been closed since the beginning of this year.

Joint Education Ministers Gibson Magaramombe and Rowan Cronje, who announced the closures, attributed them to a lack of pupils and said Guinea Fowl was teaching only 218 although it had a capacity of 500.

Rhodesia's white population is currently about 250,000 and has been declining at a rate of 500 to 1,000 a month since 1976 as the guerrilla war intensifies.

The relatively small numbers of white children displaced have been promised places in other schools, but most of the black children whose schools have closed have nowhere else to go.

Some black schools have been burned down or are in dangerous war zones and many of those still operating are over-crowded.

Education authorities blame the plight of the black school system on intimidation and acts of war by black nationalist guerrillas.

African Education Secretary Anthony Smith described the abandoned schools as "silent reminders of terrorist intimidation on African communities."

According to official figures the African education system should be served by about 3,500 primary and secondary schools. Today there are only 2,585 and 124 respectively.

It is generally accepted that only a drastic reduction in hostilities can help the thousands of young Africans now apparently doomed to illiteracy.

But the war shows no signs of slackening as the foreign-based Patriotic Front guerrilla alliance battles the biracial transitional Government set up under an agreement reached by Premier Ian Smith and three black leaders on March 3.

Of the 3,000 people reported to have been killed so far this year, 2,200 have died since March 3. The death toll for the past seven months alone is almost one-third of the 9,719 reported in the course of the six-year-old war.

Reuter

Kenya leadership delay

BY QUENTIN PEEL NAIROBI, August 24.

WITH THE Kenyan Cabinet concentrating on ensuring the continued smooth day-to-day administration of the country, and on arrangements for the state funeral, it is unlikely that the organisation for the election of a successor to President Kenyatta will be finalised immediately.

The essential part of the process will be the choice of a candidate within the country's sole political party, the Kenya African National Union (KANU).

Although the state constitution does not limit a political party to presenting only one candidate, the KANU constitution lays down that the party leader should also be head of state, thus making it unlikely that more than one candidate will finally stand for formal national election.

One problem is that the party organisation is in considerable disarray, following the cancellation of elections for national officials last year. Although the national executive might normally be expected to put forward a new party leader, only two members of the executive are actually elected. It thus seems likely that a full delegate conference, which could number around 1,600, will have to be called to choose a candidate.

Observers here believe that the interim president, Mr. Daniel Arap Moi, is in a very strong position.

Plan to share yen rise profits

BY CHARLES SMITH, FAR EAST EDITOR TOKYO, August 24.

THE JAPANESE Government has finally made up its mind to "advise" the electrical power industry to share with consumers exchange profits resulting from the yen revaluation.

The Ministry of International Trade and Industry (MITI), which oversees the privately owned electrical power companies, expects to come up with a recommended rebate scheme within the next two weeks.

The scheme will apply to eight out of the nine generating companies in Japan (the ninth, in Hokkaido, will be excluded because its power is generated from domestic coal rather than from imported oil). A similar scheme will be proposed for the three main private enterprise gas companies, in Tokyo, Nagoya and Osaka.

MITI's decision to support a rebate scheme follows several weeks of highly-publicised pressure from consumer groups and opposition political parties for a reduction in electricity rates.

Some of the latter have claimed that power companies will receive windfall profits of more than Y400bn (about £1.025bn) during the current fiscal year if the yen stays at its present exchange rate against the dollar.

The profits will result from a reduction in the yen-denominated cost of crude oil and liquefied petroleum gas imports made directly by the power companies as well as from lower prices for refined oil products bought from Japanese oil companies.

MITI is using the much lower figure of Y265bn, as the basis for its calculations, arguing that only direct imports of crude oil or gas by the power companies should be taken into account in an assessment of exchange gains.

The Ministry also favours a rate of Y200 to the dollar as the most realistic basis for forecasting future exchange gains rather than the current rate of around Y290.

On the strength of this, it appears that the most the average household is likely to gain of the rebate scheme is a cut of about Y150 in its monthly electricity bill with a possible "backdating" to the beginning of the current fiscal year. There will also be a promise, however, of steady electricity rates throughout the fiscal year to March, 1980.

MITI is seeking to minimise the impact of the rebate scheme on power company profits because it does not want to discourage the companies from stepping up their investments in new generating capacity this year.

The electricity industry is one of the few major industries in Japan which is proposing a substantial increase in capital spending during 1978.

SENEGAL'S ECONOMY

Struggling against famine

BY ROBERT HECHT IN DAKAR

YET ANOTHER cycle of drought and famine is currently striking Senegal, sending this once relatively prosperous West African country into a serious economic decline. The widespread agricultural failure resulting from the drought has also brought into sharp relief the country's continued heavy dependence on the West, both for emergency aid and for long-term assistance.

During the wet season in 1977, rainfall in Senegal was generally only a half, and in some places a third, of normal. Production of millet, the staple crop, dropped 25 per cent, and the groundnut harvest, which provides a major share of foreign exchange earnings, was down by 48 per cent. Massive food shortages have ensued this year, and in the hard-hit northern region, one relief agency (Catholic Relief Services) reports that about one-third of the young children are suffering from extereme malnutrition.

To meet this large food deficit, Senegal has imported 200,000 tonnes of rice and 120,000 tonnes of wheat on commercial terms, and has accepted another 200,000 tonnes of emergency foodgrains provided mainly by the U.S., Canada, the European Economic Community and France. Fortunately, relief operations this year were better planned and carried out than during the drought of 1973-74, and apparently most of the 3.1m Senegalese earmarked for emergency rations have actually received their share of the food.

The drought has had a strong and immediate harmful effect on Senegal's entire economy. Real GNP declined 3.2 per cent in 1977, and the decline is expected to continue through 1978. The severe drop in farmers' incomes has weakened demand for locally-produced consumer goods, forcing some domestic manufacturers to boost exports in a desperate effort to avoid major losses. With the sharp fall in groundnut output, Senegal's groundnut processing plants, which account for nearly a quarter of the nation's industrial activity, have either shut down or are operating on a very limited basis.

Foreign exchange earnings are way down this year, by as much as 70 per cent according to a Citibank official, and Senegal's 1978 trade deficit will probably be much larger than the $178m—equal to a quarter of the value of imports—recorded in 1977. The Government has also fallen behind in paying its bills, although it is not yet in serious trouble; and even though State spending for 1978-79 is supposed to be 28 per cent higher than in the previous year, most of this increase is for recurrent expenses, with an actual decline in new investment.

The current Senegalese regime, directed by President Leopald Sengheor and the political bureau of his Parti Socialiste, has adopted a series of measures to try to reverse the country's economic decline. Senegal has rapidly increased its indebtedness abroad, to more than $436m, and bankers here predict that the country will continue to draw more foreign credits.

In the last few years, American and British banks have successfully penetrated what has historically been a French financial preservein Senegal, by

offering "clean" loans—with no suppliers specified—for high risk investments, while the French banks follow a more conservative strategy of providing export-financing with strings attatched.

Citibank recently managed a syndicated $80m dollar loan to the Government, half of which will pay for a large rice-growing scheme in the southern Casamance region, and it is reported that Chase Manhattan is arranging a loan for a new textile factory at Kaolack, just north of the Gambian border.

Despite the fact that nearly all Senegalese industry is foreign-owned, with more than 80 per cent of industrial capital in the hands of French firms, the Senghor Government is actively seeking more foreign investment. Its efforts have met with limited success, however. A free industrial zone was established near Dakar in 1974, offering huge tax breaks and low-cost electricity, but so far only two firms have set up factories there.

A few new industrial projects, including a cement factory, a cottonseed oil refinery, and a phosphoric acid plant, have a good chance of being built in the near future. It is doubtful, however, whether some of the prestige investments which the Senegalese Government boasts about in the local Press, such as a new Iranian-financed petroleum refinery and a luxury Hilton Hotel, will ever get off the drawing board.

The project which most observers here consider a possible economic life-saver is the Senegal River Basin Development scheme, which features the construction of two dams on the river plus the installation of hydro-electric generating equipment, at a cost of over $600m. If work on the dams begins next year as scheduled, seasonal flooding should be brought under control in 1985, thus permitting the irrigation of up to 400,000 hectares of farmland in Senegal and Mauritania. With so much irrigated land, Senegal could solve its food shortage problem and virtually eliminate famines in the future.

Senegal has attempted to promote and diversify foreign trade by staging bi-annual trade fairs in Dakar, but some specialists here question their value. It is unlikely, they say, that the trade fair facilities, which cost $25m to build and which are only used for ten days every two years, will ever be paid for by an increase in foreign commerce. France continues to dominate Senegal's international trade, accounting for 67 per cent of exports and 60 per cent of imports, but Britain, importing mostly phosphates and groundnut oil, has recently become its second most important trading partner.

Most economic analysts in Dakar see the next few years as difficult ones for Senegal, and consider that a quick rebound from the 1977 drought followed by slow but steady growth is the best the country can hope for, at least until the two dams on the Senegal River are completed.

These analysts say that "political stability" is Senegal's greatest economic asset. By this, they mean not only that President Senghor has ruled the country without serious challenge since independence from France 18 years ago, but also that Senegal has remained open to Western trade and investment.

Despite the President's socialist rhetoric, his country's economy is based on private enterprise, and his strong support for French and American foreign policy initiatives in Africa shows that he is poltically aligned with the West.

Commission reports on Iran fire disaster

By Anthony McDermott

TEHRAN, August 24.

THE FINDINGS of the commission of inquiry into the fire in Abadan last Sunday, officially presented to Mr. Jamshid Amouzegar, the Iranian Prime Minister, last night, were made public on the national radio this afternoon.

The tenor of the report tends to confirm mounting accusations during the past few days of incompetence by the local authorities in Abadan, it also suggests that the fire was started deliberately, but does not indicate who might have been responsible.

Rumours have been rife inevitably, with the Government accusing "Islamic-Marxist" terrorists and its opponents accusing the Shah's Government of using its own agents.

The commission puts the casualties at 377 dead, most from suffocation, and 40 injured. It says the fire was started by the placing of fire-raising material in the cinema itself and in its corridors. However, it makes no mention of the controversial question of whether the exit doors were locked.

Eyewitnesses have been quoted as saying that the authorities may have locked the doors to trap the arsonists inside. A bottle with batteries attached by wires was also found.

The report adds that the fire started at 9.45 pm, but the police did not inform the fire brigade until 10.22 pm. When the brigade arrived some of its pumps did not work.

General Reza Razmi, the Abadan police chief who was recalled recently to Tehran, probably to answer these accusations of incompetence, is likely to lose his job, according to diplomats.

Feuding Palestinians call truce

BY IHSAN HIJAZI BEIRUT, August 24.

PALESTINIAN guerrilla factions which have been engaged in a feud which has become increasingly bloody in the past few weeks have declared a truce and agreed to abstain from taking reprisals against each other.

The agreement was the result of mediation by Algeria.

Abu Nidal, the guerrilla leader who heads a breakaway Palestinian group operating with Iraqi assistance from Baghdad, issued a statement last night announcing that he will abstain from retaliatory action against Al Fatah, the large group led by Palestine Liberation Organisation chairman Yassir Arafat as long as the latter does the same.

All guerrilla energies must be devoted to fighting the common enemy, Israel, the statement said.

Abu Nidal, whose real name is Sabry al Banna, heads a group called "Fatah the Revolutionary Council." It has claimed responsibility for a number of actions against moderate Palestinians who supported Mr. Arafat.

Among them were Mr. Said Hammami, the PLO representative in London, who was shot in his office in January, Mr. Ali Nasser Yassin, the representative in Kuwait who was shot in June, and the PLO representative in Paris who was murdered earlier this month.

In retaliation, Mr. Arafat's own men are believed to have been responsible for a series of attacks in the past two months in Iraqi embassies and officials abroad.

At the end of last month the car of the Iraqi ambassador to Britain was attacked shortly before he was due to get into it, the car of the Iraqi ambassador in Beirut was machine-gunned, there was a terrorist attack on the Iraqi embassy in Paris, and Iraqi diplomats in Karachi were attacked.

Within Lebanon there was heavy fighting between Fatah members and other groups within Palestinian refugee camps and on August 13 a bomb explosion totally destroyed a block of flats in Beirut, killing nearly 150 people, 13 of them Fatah members and 36 members of the Palestine Liberation Front, a group linked to Abu Nidal.

Abut Nidal broke away from Fatah four years ago and is under a sentence of death by the group.

He issued his statement last night after a meeting in Baghdad with Mr. Mohammed Yazid, the Algerian ambassador to Beirut, who had earlier held talks here with Mr. Arafat. Mr. Yazid also delivered a message to Iraqi President Ahmed Hassan al Bakr from the Algerian leader, Col. Houari Boumedienne.

While the Palestinians have decided to bury the hatchet, their anti-Israel activity in foreign countries may be stepped up in advance of the Camp David summit conference.

In Damascus yesterday, the PLO's policy-making body, known as the Palestine Central Council, formed a special committee to discuss plans for unity among the guerrilla groups, it was announced. The announcement described the council's discussions on inter-Palestinian solidarity as very positive.

First known picture of Abu Nidal.

Begin plan for peace under study

JERUSALEM, August 24.

ISRAELI Prime Minister Menahem Begin met his Cabinet Ministers one by one today to discuss secret proposals prepared for his summit meeting with Egyptian President Anwar Sadat at Camp David in the U.S. next month.

The Ministers filed into Mr. Begin's office to study the proposals contained in a document almost 100 pages long, Government officials said.

The proposals will be the main topic at next Sunday's Cabinet meeting, the last before Mr. Begin leaves for the meeting on September 5 with Mr. Sadat and President Carter.

The document is believed to be based on Mr. Begin's well-known peace plan granting limited self-rule to residents of the West Bank of the Jordan and Gaza Strip, with Israel retaining responsibility for public order and the right to keep soldiers in the areas.

Egypt has already rejected the plan, which in part resulted in a stalemate in the Middle East peace talks.

Mr. Begin was quoted in a newspaper interview last week as saying some changes were possible in his plan.

Reuter

Editorial comment, Page 18

Ethiopian appeal to exiles

THE ETHIOPIAN leader, Col. Mengistu Haile Mariam, has sent his country's embassies a message asking them to encourage Ethiopians living in exile to return to their country, writes James Buxton.

The objective is to bring back to Ethiopia intellectuals, academics and skilled workers to help rebuild the war-torn economy.

There appears to be no question of offering an amnesty to those who return and they are expected to accept the objectives of the Ethiopian revolution which began in 1974.

But it is pointed out that the "Red Terror," a campaign for killing or "re-educating" those considered enemies of the revolution, has ended, except in Eritrea.

After a bid by Cuba in May to replace Col. Mengistu with a more deeply committed Marxist, he is being seen increasingly as a nationalist rather than an ideologue.

Australian phone dispute worsens

THE DETERIORATION in Australia's telecommunication services caused by an industrial dispute involving technicians is expected to accelerate following the breakdown of negotiations yesterday, reports Laurie Oakes from Canberra.

Officers of the Australian Telecommunications Employees' Association rejected settlement terms drafted by an arbitration commissioner and accepted by the Telecommunications Commission, which employs the technicians.

Mr. Malcolm Fraser, the Prime Minister, summoned a special Cabinet meeting and later announced that the Government would back the commission in measures it plans against the union. It is understood the Cabinet discussion dealt with the possibility of calling in the armed services to get the telecommunications system operating.

Ministers were told there were technicians in the Royal Australian Air Force with the required expertise.

(Advertisement)

DKB'S ECONOMIC JOURNAL

August 1978: Vol. 7 No. 8

Japanese Government's policy management needs close watching in future

The yen exchange rate against the U.S. dollar, which bearishly marked time in the early part of 1978 after a sharp upswing last autumn, began to soar conspicuously again from late June through early July.

In this process, the merit of the higher yen has become steadily evident in the real phase of economy through declining cost in corporate management and further calming down of prices from the falling prices of imported raw and processed materials.

On the other hand, the rapid upsurge of the yen is beginning to bring the fresh pressure to bear upon the corporate business performance and the employment situation, particularly in industries heavily dependent on export sales or suffering from the structural handicaps.

Also creating new misgivings is the deflationary effect of the yen appreciation on domestic business.

Against this background, Prime Minister Takeo Fukuda pledged Japan's effort to strive for achieving a 7 per cent economic growth in the current fiscal year at the summit of the seven industrial nations held in Bonn in the middle of July.

Production activity

In the phase of production activity, Japan's mining-manufacturing production in May registered a 0.3 per cent increase over the previous month on a seasonally adjusted basis. It was a continuous gain for the seventh consecutive month since last November. However, the increasing tempo has slowed down since April. Production activity thus has begun to show signs of marking time.

The rising pace of shipments in the mining-manufacturing sector also has begun to slacken after a 3.3 per cent gain in the January-March quarter of this year over the previous quarter, seasonally adjusted.

Inventories of manufactured products, seasonally adjusted and compared with the previous quarter, registered a 2.2 per cent decrease in the January-March quarter and continued to dip by 0.3 per cent in May after a slight gain in April, indicating the progress of inventory adjustment.

All in all, inventory adjustment still is in full swing.

Employment front

In response to the trend of production activity, the employment climate has continued severe. The number of regular workers (at workshops with more than 30 workers on payrolls) continued to decrease from the year-ago level in 1975, 1976 and 1977. This trend has continued into this year.

The employment situation appears further deteriorating in view of new developments, such as the stagnation of the growth of the total number of workers and regular employment in all industries (exclusive of agriculture, forestry and fisheries), including minor workshops, the slackening of the growth of extra hands and day-laborers, and the slump of female employment (See chart).

Under such circumstances, the effective job offer to applicant ratio in May, seasonally adjusted, continued to deteriorate to 0.53-fold. The rate of completely jobless also stayed high at 2.3 per cent.

The employment situation in May thus continued to worsen in comparison with the previous month.

Although corporate earnings are expected to improve gradually in the future, this trend is considered to be supported by the diminishing scale of corporate management. Hence, the improvement of corporate profitability is not likely to mean direct improvement of the employment climate. The employment problem thus is destined to become an important policy issue for the government.

Private demand

In this situation, how smoothly the keynote of the current recovery, which depends more heavily on public demand based on the fiscal outlay, may shift stress to private demand is considered to hold the key to the full-scale rally of business.

As to the trend of public demand, the public works outlay in the April-June quarter of this year registered an increase of 28.2 per cent over the year-ago level after a 25.5 per cent gain in the January-March quarter. The fiscal outlay thus has been progressing smoothly.

In the phase of export trade, exports have continued a high growth on both the yen-denominated and dollar-denominated bases, although the growth on the former basis has begun to slacken gradually.

The export growth also is destined to slow down as to volume in the future under the increasing pressure of the yen rate upsurge since the second half of this June. Considering that the advance of export prices has been nearing the limit, export trade on a yen-denominated basis is likely to slacken further. Its support to domestic business eventually is bound to weaken.

The trend of personal consumption expenditure, the most important demand factor, is another vital key to the future course of domestic business rally depending on private demand.

The recent trend of personal consumer spending appears encouraging. The increases of the note issue and department store sales have been gradually accelerating. Sales of major consumer durables, such as passenger cars and air conditioners have continued favorable.

For all that, a rapid elevation of the propensity to consume can hardly be expected in view of many deterrents. First, the wage raise through Shunto (the annual spring labor struggle for higher pays) this year stood low at only 5.9 per cent, according to the Ministry of Labor.

The increase of summer bonuses this year over a year before was estimated at only 2.4 per cent, according to the Japan Federation of Employers' Associations. A sharp gain of compensation of employees thus appears difficult for some time.

Second, the net advance of the producer price of rice was meager at slightly over 1 per cent, and the business climate surrounding unincorporated proprietors has continued severe. With the propensity to consume thus staying at a standstill, a sizable growth of personal consumer spending is not conceivable.

On the other hand, housing investments are expected to make a moderate growth as housing starts based on loans by the Housing Loan Corporation are bound to gain.

The outlook of plant and equipment investments is anything but particularly heartening, although corporate executives are beginning to take a brighter view of the future outlook of domestic business.

The equipment operation rate index in the manufacturing sector (1975=100) registered 111.0 in May, this year on a seasonally adjusted basis. However, the real operation rate is estimated to stand at around 80 per cent.

Shipments of capital goods and orders for machinery have remained stagnant. Judging from the recent trends of related factors, the state of plant and equipment investments is not considered to have extricated itself from the sluggish keynote.

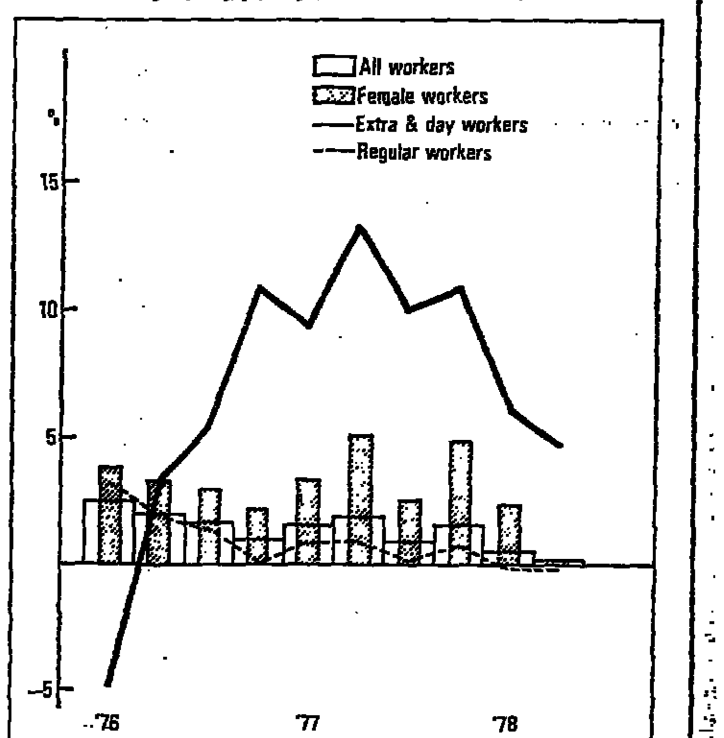
External imbalance

In the phase of international payments, Japan's balance of payments has continued to register a sizable surplus. However, Japan's surplus in this phase is likely to dwindle gradually at a high level in view of the recent developments of related factors.

First, exports on a dollar-denominated basis are expected to slow down in the future, although they still have stayed at a high level. Second, imports on a dollar-denominated basis registered a high increase of 15.4 per cent over a year before in May. Licensed imports in June also swelled by 15.1 per cent over the year-ago level, registering a two-digit gain for the first time in seven months since last November. Third, the yen exchange rate made another sharp upswing from late June through July.

Year-to-Year Changes in Number of Workers

(Excluding those engaged in agricultural, forestry and fishery industries)



Source: Prime Minister's Office

Carter promises more funds for fast-breeder research

BY DAVID BUCHAN

WASHINGTON, August 24.

PRESIDENT CARTER has agreed to an increase in funds for nuclear breeder reactor research to $1.5bn over the next three years, during which time the controversial Clinch River reactor project would only be mothballed, not ended, as Mr. Carter pledged last year.

The nuclear lobby in Congress believes this to be an important retreat from the President's April, 1977, stand against breeder reactors on the grounds that, because they use weapons-grade plutonium, they increase dangers of nuclear arms proliferation. Mr. Carter also urged other countries to follow his lead in eschewing breeder technology.

Mr. Carter gave the commitment on breeder research funds last week when he was in sore need of key Congressional votes on the unrelated issue of his natural gas Bill. Advocates of breeder projects in Congress consider this will no wkeep the U.S. on an equal footing with West European countries and the Soviet Union at least until 1981.

Given Mr. Carter's present sorry political fortunes, they also see the possibility of a more pro-nuclear incumbent in the White House by that date.

Energy Department officials today denied there was any major switch in policy, noting that the President had always supported some level of breeder research and that the new agreement did not commit the Administration to build any breeder research reactor after 1981, either at Clinch River in Tennessee or on any other site.

Senator James McClure, whose approval for the gas Bill was vital to the Administration, yesterday released details of the understanding reached with the White House. By it, Mr. Carter promised to support the spending of some $100m to keep the half-completed Clinch River project in a state of suspended animation until 1981, while funding at roughly $500m a year a liquid metal fast breeder research of the kind already being developed in France, West Germany and the Soviet Union.

The Carter-McClure compromise has yet to be endorsed by Congress as a whole, and it may run into trouble in the House of Representatives, which is considered susceptible to nuclear industry pressure for a more aggressive programme.

But the compromise would for the time being resolve the present impasse over the Clinch River project, which Congressional votes have kept alive but *which could never be completed* over Mr. Carter's head, because only the executive can grant it *an operating licence.*

By 1981—when the Carter-inspired international nuclear fuel cycle evaluation (involving the U.S. and other countries) will presumably be completed—Senator McClure and his supporters see three options open to the U.S.

Clinch River could be completed, at its present intended size of 350-380 MW, but with an improved design as a result of the boosted research programme. Alternatively, a bigger 600-900 MW plant could be built, as indeed suggested by Energy Secretary James Schlesinger, who maintains that if the U.S. has to enter breeder technology, it should do so on a scale larger than Clinch River permits.

A possible third option would be to choose a European design with the expertise the U.S. will *itself have acquired over the* next three years to adapt it to American needs and standards.

The Energy Department, however, maintains that the basic elements of President Carter's April 1977 policy still stand. The Administration remains con*vinced that spent nuclear fuel* should be stored in special deposits, and not recycled to extract plutonium for re-use. Department officials say a major policy statement on storage is due this autumn.

As for re-processing, which prepares plutonium for use in breeder reactors, the only plant of any size in the U.S., at Barnswell in South Carolina, has ceased operating under Carter Administration instructions.

Citibank refutes tax accusation

BY DAVID LASCELLES

NEW YORK, August 24.

CITIBANK TODAY refuted accusations by a former employee that it had engaged in questionable foreign exchange *practices in Europe and the* Bahamas, and said that Citibank is confident that it will be shown to have carried out its policy of complying with all relevant laws and regulations.

The The refutation appeared in its house journal, Citibank *News, and was an elaboration of* the bank's defence against charges by Mr. David Edwards, who is seeking $14m from it in a wrongful dismissal suit.

The article says that, over the last 2½ years, Citibank conducted its own "thorough" investiga*tion of Mr. Edwards's charges* that some of the bank's foreign exchange employees were taking illicit payments, and that a number of European branches were placing currency with the Nassau branch in order to evade European tax, while retrieving the profits under a separate accounting system.

This investigation, the article says, "concluded that these allegations were unfounded." In addition, Mr. Edwards failed to produce evidnce of improper actions by employees, it says.

Separate investigations are also being made by the bank's *outside legal counsel and inde*pendent auditors, who are expected to report in the autumn. The article concludes that the charge that Citibank sought to "park" currencies in Nassau to evade tax is a moot one, because U.S. transnational companies are liable to U.S. tax for profits made in countries where there is no taxation.

However, observers familiar with the case have pointed out that the article departs in some respects from the points at issue. It says, for instance, that Mr. Edwards was dismissed "not because he raised questions about bank practices, but because of circumstances surrounding his refusal to accept reassignment."

After he made his allegations, Mr. Edwards was re-assigned to the government lending unit, but he refused to move until *his allegations had been investi*gated.)

The letter of dismissal to Mr. Edwards from Mr. Thomas Theobald, executive vice-president of the international banking group, sent in December, 1977, says: "we have concluded that your continued allegations were detrimental to the best interests *of Citibank. We therefore request* your immediate resignation."

A spokesman at Citibank today denied that there was a contradiction between these statements.

On the tax question, the thrust of Mr. Edwards's charges is that Citibank earned a large proportion of its profits aboard and, in so doing, built up a tax credit which exceeded the U.S. profits to which it could be applied. By allegedly transferring profits to Nassau, and later New York, Citibank increased its tax liability to U.S. tax, and was therefore able to apply a greater proportion of this credit.

In discussing Citibank's investigation of his charges, the article does not mention Mr. Edwards's allegations that he was denied access to the outside investigation ordered by the Board of directors, and was refused an interview with the Board. Mr. Edwards maintains that the only way he could communicate with the Board was by sending them copies of his dossier, but he never received a reply.

Moves to avert postal strike

BY JOHN WYLES

NEW YORK, August 24.

EFFORTS WERE under way today to try to avert a strike next week by one large postal service union, the National Association of Letter Carriers, whose members have voted to reject a proposed new contract settlement.

The 200,000-strong union voted 78,288 to 58,832 against the proposed agreement, which had appeared to be the Carter *Administration's most solid* victory in its fight to slow down wage increases.

The most immediate problem posed by the vote is that the Letter Carriers' constitution requires a strike to be called if bargaining is not resumed within five days.

This ignores the fact that postal workers are legally prevented from striking, and the federal Mediation and Conciliation Service stepped in yesterday in a bid to avert the potential conflict.

After hearing the result, Mr. *William Bolger, the Postmaster* General, issued a statement late yesterday saying that the law provided for binding arbitration in a situation such as this and that "we intend to fully comply with the law."

Mr. Wayne Horvitz, the Mediation Service director, met both sides yesterday and again today, but nothing definite is likely to emerge until the result of a similar ballot by the American Postal Workers Union (APWU) is known tomorrow night.

An APWU spokesman said today that the balloting appeared to have been heavier than normal with more than 170,000 of the union's 260,000 members having voted.

Mr. Joseph Vacca, the Letter Carriers' president, yesterday bitterly laid some of the blame for the ballot result on Mr. George Meany, president of the American Federation of Labour —Congress of Industrial Organisations.

Mr. Meany at the beginning of the month criticised the postal service's offer of 19.5 per cent in pay and benefits over three years as inadequate.

Mr. Vacca said he would ask the AFL-CIO to supplement his union's modest strike fund adding: "I think Mr. Meany might help us after he destroyed it (the settlement)."

If the Letter Carriers do *strike, then the postal service* would almost certainly seek a court injunction forcing the union to order a return to work. Individual employees who ignored this would be liable for $1,000 fines and a year's imprisonment.

The last time the postal service was hit by a stoppage was in 1970 when 200,000 workers walked off their jobs and federal troops were called in to move the mails. Although the postal service will not confirm this, it is thought a similar contingency plan has been developed *for this year.*

Laser destroys anti-tank missile

BY DAVID FISHLOCK, SCIENCE EDITOR

THE U.S. Defense Department confirmed yesterday that an experimental laser had been used by the U.S. navy this year to intercept and destroy a high-speed anti-tank missile.

A pulse of infra-red light from the laser was apparently used to destroy the missile, much as a flame-thrower is used to pierce tank armour. No range has been indicated, however.

The experiment, first reported this week by Aviation Week of New York, was carried out near San Juan Capistrano in California, at a facility of the TRW defence and space systems group. The fire-control part of the laser weapon was developed by Hughes Aircraft.

At the same time, the department confirmed an earlier laser demonstration by the U.S. army in 1976, when a helicopter was shot down by a high-energy laser.

As a weapon, distinct from a method of aiming other weapons, the high-power laser has clearly come a long way from the days *when a U.S. army spokesman was* reported as saying, of the first laser rifle, that it made more sense to hit the enemy over the head with the butt.

The type of laser now used is a chemical one, which generates its light beam through a violent chemical reaction—virtually a small explosion.

The department has been paying for experiments with such chemical lasers as potential anti-satellite systems, since they could be put aboard "killer" satellites without the need for cumbersome electrical power supplies.

According to the scientific literature, the most powerful kind of chemical laser yet demonstrated is the hydrogen fluoride laser, in which two gases, hydrogen and fluorine, combine violently to produce the pulse of light.

According to Aviation Week, the U.S. navy has used an isotope of hydrogen called deuterium, which would be chemically identical but which presumably produces an infra-red pulse of a frequency more efficiently transmitted through the atmosphere.

Cocaine haul

What is believed to be the largest haul of smuggled cocaine on record has been seized by Bahamas marine police on a small bay in the Exumas, Nicki Kelly reports from Nassau. The 446 lbs of the drug, with foreign-owned aircraft. A Colombian and an American *have been arrested.* The seizure surpasses a record 274 lb cache discovered under similar circumstances two months ago. According to recent U.S. State Department testimony before a Senate sub-committee, the Bahamas and Jamaica are being used as "major transhipment points" *for the traffic*

U.S. COMPANY NEWS

Liggett makes agreed $130m bid for Servomation; Algemene Bank offer for La Salle; Fedders lays asset charges against Chrysler—Page 24.

Nicaraguan guerrillas leave palace for airport

MANAGUA, August 24.

GUERRILLAS WHO took over the national palace, here in the Nicaraguan capital, on Tuesday left it today with their hostages for the local airport to be flown out of the country.

Authorities said political prisoners, freed as part of the guerrillas' demands, were awaiting them at the airport to join flights to three other Latin American countries.

In Havana, the official Cuban daily Granma said the guerrillas, with the released prisoners, would be flying to Panama, Venezuela, Mexico and Costa Rica.

Thousands of people, some *waving black and red flags,* lined the road to the airport. Others staged a violent demonstration as the buses bringing the guerrillas and their hostages approached the terminal. The demonstrators broke window panes at the airport in an attempt to enter the building, tarmac where the 50 guerrillas that police and National Guard troops must stay not less than 300 yards from the airport.

The buses rolled on to the tarmac where the 50 guerilias who stormed the palace were to receive a $5m ransom. They had earlier demanded $10m but brought their demand down, after negotiations by mediators.

The guerrillas themselves were due to fly with 26 freed political prisoners to Panama, after 34 other former prisoners had left for Venezuela and 18 *for Mexico. The released poli*tical prisoners included eight women.

The guerrillas were accompanied to the airport by two Nicaraguan bishops and the ambassadors of Peru and Panama.

The Spanish National radio reported that the guerrillas had taken a Government minister, a nephew and cousin of the Nicaraguan President, General Anastasio Somoza, and four Congressmen to the airport as hostages, to prevent a possible attack by the National Guard.

President Somoza and his cabinet last night decided to meet the demands of the Sandinist Liberation Front guerrillas who stormed the palace on Tuesday while up to 3,000 people were inside. The *building contains the Congress* and the Interior and Finance Ministries.

The guerrillas asked for amnesty for all political prisoners, the release of imprisoned members of their group, a $10m ransom, and *aircraft to fly them and the* released prisoners to Venezuela, Panama and Mexico.

After the Government agreed to their demands, the guerrillas freed most of their remaining hostages, except for about 40 parliamentarians and a number of journalists.

After the guerrillas had threatened to start killing hostages if their demands were not met, the government last night made its first concession to them by broadcasting a list of the demands on the national radio.

The guerrilla communique said all seven demands in their petition must be met before hostages would be released, including a claim for a 50 per cent wage rise by striking hospital workers and a general amnesty to be supervised by the Nicaraguan human rights committee.

Asked on the telephone by Spanish journalists if he feared a last-minute attack by Nicaraguan government forces, the leader of the guerrillas, who calls himself Commander Zero, said, "definitely. It is very possible."

He said all remaining hostages would be freed when the guerrillas left the palace

In an interview with the Spanish national radio, Commander Zero said he believed the guerrilla action would be *fatal for the government of* President Somoza.

Another guerrilla said some political prisoners, whom they wanted to be freed, had disappeared, and added, "this means they were killed in jail."

In Havana, where the Sardinists maintain an office, the Cuban Press reported that a second squad of guerrillas had taken over Nicaraguayan National Guard barracks in Chalupas, 12 miles north of the border with Costa Rica, where front guerrillas have prepared incursions into Nicaragua.

The Sandinist front, named after the Nicaraguan guerrilla leader, César Augusto Sandino, who led an armed rebellion against U.S. Marines occupying Nicaragua in the 1920s and 1930s, have long opposed the 40-year, right-wing rule of the Somoza family.

Reuter

Liebig closes meat plant in Paraguay

By Robert Lindley

BUENOS AIRES, August 24.

IT WAS learned here today that the plant in Paraguay of the British-owned Liebig meat company closed down on August 16, after having been operating for 55 years.

It was the biggest meat-packing enterprise in Paraguay. Its personnel, reported at 2,250, has been dismissed. Sr. Fernando Lerui, the *general manager of the plant—* which is in Zeballos, a town of 15,000 inhabitants six miles from Asuncion — said the closure was made necessary by "the copious losses Liebig has been supporting for five years as a result of the retraction of the world meat market."

Peking 'ready to accept' private loans from Japan

BY CHARLES SMITH

TOKYO, August 24.

CHINA is now ready to accept "private loans" from Japan's Export-Import Bank, officials in *Peking are reported to have told* a delegation from the Japanese Kyodo News Agency.

The statement, if correctly reported, means that the Ex-Im Bank, so far confined to lending to Japanese companies export*ing to China, will now be able to* make loans directly to Chinese borrowers. This has not been possible up to now because of China's consistent refusal to accept foreign loans.

A spokesman for the Ex-Im Bank told the Financial Times today that he knew of no actual negotiations on loans for China and that if such negotiations were in progress "only a very small circle" at the Bank would be aware of them. He confirmed that the Bank had extended direct loans to the Soviet Union.

The Ex-Im Bank is wholly owned by the Japanese Government and thus would not usually be considered a source of "private loans." In using this expression the Chinese official may have been trying to distinguish between the Ex-Im Bank and the soft loan Overseas Economic Co-operation Fund, which lends to developing countries as part of the Japanese aid programme.

Export finance in some form will play a major part in Sino-Japanese trade during the next few years since Japanese exports to China will exceed imports during the first half of the recently negotiated eight-year trade agreement. China seems to be pressing for low interest rates on Japanese export finance but rates on Ex-Im Bank loans seem likely to be held at levels specified in the OECD's gentlemen's agreement.

● Japan is to pay $1.5bn in advance for its next nine years of uranium imports from the U.S. as part of voluntary efforts to cuts its huge trade surplus, the Resources and Energy Agency said today.

The agency expects to sign a deal on the enriched uranium in Washington tomorrow.

Japan's trade surplus worldwide almost doubled to $12.36bn in the first half of the year.

Reuter

Trade between East and West Germany reaches new record

BY LESLIE COLITT

BERLIN, August 24.

TRADE BETWEEN East and West Germany rose to a record Dm4.3bn in the first half of this year, an increase of 6.6 per cent over the same period last year. West German deliveries to the German Democratic Republic were up 9.1 per cent to Dm2.2bn while the GDR sent Dm2.06bn *worth of goods and services to* West Germany, up 4 per cent. Bonn treats this trade as internal German commerce and no duties or quotas are imposed.

The increase in intra-German trade compares with an overall rise of 10.8 per cent this first half year in West Germany's trade with all Communist countries. East Germany's accumulative trade indebtedness to West Germany rose to DM3.2bn at the end of June.

The East German performance, with deliveries up 4 per cent to West Germany largely because of increased services rendered, compares favourably with its exports to other Western countries which are estimated to have declined again this year.

West Germany's trade surplus with the GDR of Dm187m resulted largely from major long-term West German industrial projects in East Germany. Only recently Krupp Industrie und Stahlbau completed a forgery at Ueckermuende to produce pipe-fittings.

Krupp also finished a turnkey project at the Henningsdorf *steel and rolling mill earlier this* year worth Dm120m. Krupp delivered an electric arc furnace, equipment for the steel plant, environmental protection devices and also modernised existing facilities.

The growth in West German deliveries results largely from increased shipments to East Germany of machinery and electrical engineering products, which rose 50 per cent to DM 631m and made up 28 per cent of West German delivery to the GDR. Much of this, however, *was taken up by the two Krupp* projects which have now been completed. West German deliveries of chemicals rose 10 per cent to DM 386m while crude oil shipments were up 26 per cent to DM 158m.

In East Germany's deliveries to West Germany, the only increases recorded were in textiles and clothing which rose 11.7 per cent to DM 378m and wood products which were up 11 per cent to DM 93m. The East German trade figures with West Germany were bolstered substantially by the steep increase in services which were up by DM 90m as a result of higher payments to East *Germany* for postal services rendered and for removal of garbage from West Berlin.

Traditional large East German exports to West Germany such as agricultural projects were down 4 per cent to DM 333m while chemicals were down 0.9 per cent to DM 175m, and machinery and electrical engineering products fell by 7 per cent to DM 133m.

Indonesia investment plea

JAKARTA, August 24.

INDONESIA is suffering an increasing deficit in trade with West Germany, according to Mr. Suhadi Mangkusuwondo, director general of foreign trade. And Indonesia's trade minister Mr. Radius Prawiro told German economic minister Herr Otto Lambsdorff during his visit here that West Germany must boost its investment in Indonesia to help increase economic relations between the two nations.

Mr. Mangkusuwondo said Indonesia's exports to West Germany *in the last six years* amounted to $920.6m, while imports from West Germany totalled $1.9bn. Indonesia exports iron ore, non-ferrous concentrate, fodder, tobacco, coffee, plant oil and natural rubber and imports machinery, electric generators, communication and electric equipment from West Germany.

Mr. Prawiro suggested that West Germany boost investment in medium and smaller industries in the form of joint ventures, especially in companies that could process Indonesian raw materials for export to West Germany in the form of items such as plywood and furniture.

He hoped that West Germany's trade exhibition next year would *display more industrial* machinery and equipment rather than luxury consumer goods adding that machinery is badly needed by Indonesia's medium and smaller industries.

AP-DJ

RSV order from E. Europe

By Charles Batchelor

AMSTERDAM, August 24.

RIJN - SCHELDE - VEROLME (RSV) has announced that its offshore construction division has received a Fl 100m ($46m) order from Petrobaltic, an East European prospecting consortium, to build an oil platform. Petrobaltic is a combined Soviet-Polish-East German organisation which prospects for oil in the Baltic.

Apart from the platform itself RSV, Holland's largest shipbuilding group, will supply the equipment including the bore tower, main bore, pumps, pipes and *drilling bits. It will also* train the crew which will work on the platform.

This is the only platform currently on RSV's order book.

CPI wins £30m N.Z. fertiliser plant contract

BY LORNE BARLING

CAPITAL PLANT INTERNATIONAL, a subsidiary of the Mitchell Cotts Group, has been awarded a £30m contract by the Natural Gas Corporation of New Zealand as lead manager for an ammonia and related plant to produce fertilisers.

*Fish Engineering and Con*struction of the United States will build the ammonia plant with a capacity of 92,000 tonnes a year at a cost of nearly £8m, and contracts for urea and aammonia sulphate plants have yet to be awarded.

Feedstock for the new plant will be natural gas from the new offshore Maui field and it will be the first time this gas has been used for other than fuel purposes.

The plant is expected to have some economic significance as it will represent a saving to New Zealand of around £10m a year on imports of fertilisers.

Capital Plant International, which will be responsible for supervising construction, said that the plant will be ready for start up by the end of 1980.

The decision to go ahead with the project follows a New Zealand Government report on the various alternatives for using the available gas supplies for establishing a petrochemical industry.

The report recommended as one option for further investigation the establishment of a small fertiliser complex as the first phases of such an industry.

Soviets may buy gas equipment

Financial Times Reporter

RUSSIA IS seeking tenders for 50 gas turbine compressor sets worth around £100m for another extension to its growing natural gas pipeline network into Siberia.

Officials from the Soviet Embassy's trade office *in London* visited the Clydebank office of John Brown Engineering Gas Turbines earlier this week to discuss the possibility of placing further contracts for gas turbine compressor stations.

The company has already completed two contracts *to supply* the Russian purchasing organisation Machinoimport with a total of 45 turbine units worth £50m.

Delivery of this equipment was completed at the beginning of this year, ahead of schedule, largely due to JBE's policy of building ahead of order. About 25 per cent of the factory's output is speculative.

A spokesman said yesterday that they understood the Russians were seeking a quotation for 50 units which would be worth about £100m. It was a *preliminary inquiry and no in*formation was offered on which pipeline the equipment is for, or whether they are seeking the heavy duty General Electric type of turbine already extensively used by the Soviets or the lightweight design developed by GE to match the proposed use of Rolls-Royce's Avon jet engine for gas compression.

JBE is also hopeful of further gas turbine orders from China, where it has already sold a total of nine turbines for power generation and pumping uses since 1971, worth a total of £6.4m.

The Clydebank firm's managing director, Mr. Graham Strachan, was the only Scottish businessman on a recent UK mission to China led by the Trade Secretary, Mr. Edmund Dell.

JBE Gas Turbines are also near to concluding a £10m order for four power generation turbines for Vietnam.

The company, which employs 2,000, has just started a £10m expansion, its second in three years.

Iraqi phone extension

By John Lloyd

THE IRAQI Government is planning a major expansion of its telephone network, involving the introduction of the latest computer-controlled exchanges and solid state digital switching. The cost of the expansion planned by the Government will be around £5bn.

The first concrete results of *the decision to expand* came yesterday, when Cable and Wireless announced that it had won a contract, thought to be worth around £250,000, for the provision of consultancy services. Cable and Wireless will specify the requirements of the new system, will assist in the introduction of the new technology and will train Iraqi operators and engineers.

The potential for large orders for UK companies from the expansion must be held to be limited. The Iraqi Government has made it clear that it wishes to invest in an electronic, digital system, not yet available in the UK. System X, which would fit these specifications, will not be available for export until 1983 at the earliest.

Besides this, Cable and Wireless follows a rigorous policy of specifying the best equipment for the job, irrespective of its country of manufacture. However, since the project will contain some civil engineering and construction work, there will be opportunities for those UK companies which have already proved themselves in Mid-Eastern markets.

There may also be oportunities for cable contracts where both STC, the UK subsidiary of ITT, and BICC are strong.

THE URUGUAYAN ECONOMY

Export boom with internal problems

BY SUE BRANFORD RECENTLY IN MONTEVIDEO

SHIPS with their holds packed with bleating sheep steam out of Montevideo's harbour on their way to Saudi Arabia. Huge casks of salted fish are sent across the Atlantic to Africa. In some ways, Uruguay's trade seems strangely anachronistic in the modern world of sophisticated refrigerated shipping.

Yet these old-fashioned ventures are the result of modern sales techniques, according to a former Minister of the Economy. "If Uruguay's export drive is to be successful, we must find the holes in the world market," he commented. "What is the use of sending frozen beef to Saudi Arabia is they haven't adequate storage facilities? Sending them mutton in this way, they can use it whenever required."

After almost 20 years of economic stagnation, the military who took power in the early 1970s made up their minds to pull the country out of its rut, imposing an export-oriented model of development, similar to the one successfully applied by their colleagues ruling Brazil, their huge neighbour to the north.

Greatly enthused by the excellent earnings that the country's traditional exports—beef, mutton and wool—were bringing in during the early 1970s, the military officers and technocrats planned the country's new boom. *After stagnating badly from 1955* to 1972, with an accumulated rate of growth of just 1.6 per cent, the farm sector was to be injected with new vigour.

It was foreseen in the National Development Plan, 1973-77, that farm produce would grow by 40 per cent during the period. Much of the increase was to be channelled into exports, heralding a new era of prosperity. With the military's iron rule, which entailed the suppression of political parties and trade unions, no social unrest was to spoil the plans.

The strategy was upset by the violent drop in world prices of *farm produce. Far from booming* farm produce grew only 7.4 per cent during the period, only a fifth of the planned increase. Beef exports plummeted from $147.6m in 1970 to $69.4m in 1975, recovering partially to $100.4m in 1977. Mutton fared *even worse, dropping from* $18.6m in 1970 to $5.4m in 1977. Wool was the least disappointing. After falling from $71.9m in 1970 to $40.7m in 1974, it has picked up again to $120.7m in 1977.

Yet the planned export boom *has not failed. Thanks in part to* incentives, exports of new products, particularly manufactured leather goods, have performed unexpectedly well. Sales of shoes and clothing rose from an insignificant $1.8m in 1971 to a sizeable $49.9m in 1976. Exports of *non-traditional leather goods* increased from $18.7m to $156.8m during the same period. Non-traditional foodstuffs, Portland cement and fruit have also grown very well.

In all, exports rose from $214.1m in 1972 to $607.5m in *1977. The share of non traditional* export items, mainly manufactured goods, has shot up from a quarter in 1973 to 57 per cent in 1977.

However, the rapid rise in manufactured exports has demanded an even quicker growth in imports, particularly of machinery and equipment, for Uruguay's capital goods industry is almost non-existent. The value of this import item grew six-fold during the period, reaching $133.1m in 1977. Without its own motor industry, Uruguay's imports of transport material also rose substantially.

Oil traditionally has been res*ponsible for* at least one third of Uruguay's import bill, for the country has no oil deposits and its two hydroelectric power stations only generate 260,000 kW.

However, oil is not responsible for Uruguay's present trade problems. While increasing in abso*lute terms, oil imports have lost* ground in relative terms. Last year, they were worth $186m, which was a quarter of the total.

The recent heavy imports have transferred Uruguay's traditional small surplus on its trade account, into a deficit of around *$100m over the last four years.* This, in turn, has weighed down Uruguay's gross foreign debt, which stood at the dangerously high level of $1.3bn in December, 1977, which was more than twice export earnings.

The highly satisfactory performance *of the manufacturing* export sector has been accompanied by a disturbing neglect of the farm sector, the traditional source of Uruguay's prosperity.

The application of phosphatic fertilisers to improve the pas*turelands was growing at around* 10 per cent per annum, reaching 145,000 tons in 1974. Beef production was increasing at about the same rate.

But the world crisis of overproduction of beef had a catastrophic impact on the sector, *which was scarcely mitigated by* the Government. Beef prices on the domestic market plummeted, increasingly only half as quickly as the cost-of-living index. Farm imports, which traditionally are expensive because of the heavy reliance on imports, became quite inaccessible for many farmers.

Another serious problem has been the heavy social costs of the export-oriented model of development. A leading Uruguayan economist has shown that, as the economy grew only at the average annual rate of 3 per cent between 1972 and 1977, almost all of the *increased* product was channelled into exports.

This has been accompanied by growing inequality in the distribution of income. Government statistics show that, taking December, 1971 as 100, the share of national income going to employers had increased to 127 by December, 1977, while the slice going to wage-earners had slipped to 66. Unemployment in sectors which employ large numbers of unskilled labourers, such as civil construction, is very high, running at around 15 per cent.

This year, the Government has concentrated its efforts on maintaining the increase in exports, which are beginning to lose their impetus, and holding down imports to a minimum. These are twin goals which are particularly contradictory in Uruguay's circumstances.

However, until the Government faces up to the underlying problems located in the farm sector and the serious inequalities in income distribution, the country will not find a secure basis for sound economic development.

هكذا صدر الأصل

A bit of a wolf in sheep's clothing.

A motoring writer recently described our new two litre saloon, the Fiat 132, as a bit of a wolf in sheep's clothing. Obviously he found the body shape too quiet for his taste.

Well it certainly doesn't look like something out of 2001, we agree. But to our eyes it's unostentatious, classical and restrained.

Perhaps, though, he was alluding to the interior of the 132. Did he find it indulgent, plush and over-protective from the harsh realities of the road?

Could be.

Though others have said it's surprisingly comfortable and well-equipped with one or two original touches–sun vizors that slide into the roof out of harm's way, for example.

However, there can be no doubt about the wolf bit. When you switch the engine on it positively growls.

A twin cam, fast breathing engine with a progressive twin choke Weber carburettor delivers 112 bhp and a top speed of 106 mph.*

For an information pack with the full specification road test, colour choice and details of our Mastercover warranty, write to the address below.

FIAT

If you are also interested in our Fleet leasing scheme, let us know and one of our representatives will come to discuss it with you.

(*Source of figures: Fiat SpA.)

The Fiat 132–two litre.

FOR YOUR INFORMATION PACK WRITE TO, FIAT INFORMATION SERVICE, DEPT. FT2, P.O. BOX 39, WINDSOR, BERKS. SL4 3SP. FIAT 132 2 LITRE £4494.59. PRICE INCLUDES CAR TAX, VAT AND FRONT SEAT BELTS, BUT EXCLUDES NUMBER PLATES AND DELIVERY CHARGES. PRICE CORRECT AT TIME OF GOING TO PRESS.

Tory plan to probe role of State oil company

By Kevin Done, Energy Correspondent

THE Conservative Party's future energy policy will include a commitment to re-examine the role of the British National Oil Corporation, which could lead to its eventual abolition.

This warning was given yesterday by Mr. Tom King, Opposition spokesman on energy, after a three-day meeting of the Tory energy team to complete party policy ahead of a possible autumn election.

In a statement after the meeting, Mr. King attacked the Government's record on energy conservation. Progress in industry and commerce had been particularly disappointing, he said.

In a future Tory administration the Energy Secretary would take personal responsibility for leading a national energy-saving campaign. It would not be left to a junior Minister.

A conservation campaign should be organised at top management level and the Secretary of State should organise an urgent conference of leaders of industry and commerce, said Mr. King.

On North Sea oil, the Tory energy team of five MPs—including Mr. John Hannam, Mr. Peter Viggers, Mr. Neil Macfarlane, and Mr. Jim Lester—endorsed three main policy aims:—

- To monitor reserves and production so as to regulate the rate of depletion;
- To ensure maximum economic development of oil and gas fields; and
- To enforce environmental, safety and security standards.

The future of the corporation would be reviewed in the light of these goals. If they could be better achieved by other means, "we shall wind it up," said Mr. King.

A detailed plan had been prepared for setting up a regulatory authority to safeguard the country's North Sea interests.

Mr. King's statement endorsed previous party policy on the need to maintain the available domestic options of coal, nuclear electricity, oil and gas.

This would require not only substantial public investment but also a big contribution from private enterprise.

More rapid rise in GDP than expected

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE ECONOMY has been growing more rapidly than was previously assumed, according to official estimates published yesterday.

Gross Domestic Product is now estimated by the Central Statistical Office to have grown by 4.8 per cent between 1975 and 1977 compared with the 3.4 per cent rise previously estimated.

The change is the result of rebasing of the national accounts at constant 1975 prices rather than at 1970 prices as before. The rebasing takes account of changes in relative prices and in relative contributions to Gross Domestic Product.

The change to 1975 relative prices has had little overall effect on the estimated growth rate between 1973 and 1975, but has made a substantial difference in the last two years.

This is mainly because of the sharp rise in the price of oil between the 1970 and 1975 price bases, and hence the revaluation to 1975 costs and prices of North Sea oil, production of which only started in significant quantities towards the end of 1975.

Consequently, the growth of Gross Domestic Product is now estimated at 1.84 per cent between 1976 and 1977 compared with 1.07 per cent on a 1970 price basis. This is according to an average of different data.

The impact on the rate of economic growth this year will be shown when estimates of second quarter Gross Domestic Product are published on September 20.

The initial impact is shown in the second quarter estimates for capital investment and physical stocks published yesterday.

The reweighting of the national accounts constant price series is carried out every five years by the Government statistical service.

The impact of North Sea oil can best be seen through the estimates of Gross Domestic Product based on output data. The total effect of re-basing and later information has been to increase this estimate of economic growth between 1975-1977 by about 2 per cent, of which about 1½ per centage points are attributable to the oil and natural gas sector.

The main effect on the expenditure-based estimates of the change in the valuation of oil is in movements of the volume of imports. Reflecting the growing productio nof North Sea oil, imports of fuels fell by 17 per cent in volume between 1975-77.

This fall has a substantially larger weight in the measurement of all imports when valued at 1975 prices instead of 1970 prices. Largely for this reason the growth between 1975-77 in imports of goods and services is estimated at 4.3 per cent in the re-based accounts, compared with 8.5 per cent in the 1970-based accounts.

This change in basing is equivalent to annual growth of about 1½ per cent in the expenditure-based estimate of Gross Domestic Product.

In contrast, rebasing has had the effect of slightly reducing the rateo f growth in total domestic expenditure.

CAPITAL SPENDING AND STOCKS
(£m, seasonally adjusted at 1975 prices)

	Fixed Capital Expenditure		Changes in physical stocks		
	Total	Manufacturing	Total	Manufacturing	Retailers
1975	7,929	3,522	−1,570	−1,221	−100
1976	7,601	3,345	460	316	13
1977	8,296	3,573	737	442	29
1st	1,988	851	311	267	162
2nd	2,024	879	240	79	− 18
3rd	2,111	910	− 174	− 18	− 76
4th	2,174	932	161	115	− 39
1978 1st	2,156	920	266	71	114
*2nd	2,190	979	273	191	102

* Provisional. Source: Department of Industry.

COMPARISON OF GROSS DOMESTIC PRODUCT at 1970 and 1975 prices
rescaled to 1975=100, with estimates at 1970 prices in parentheses

	1973	1974	1975	1976	1977
Output data	103.8 (103.1)	101.9 (102.0)	100.0 (100.0)	102.2 (101.2)	104.8 (102.8)
Average estimate	103.4 (103.3)	101.4 (101.7)	100.0 (100.0)	102.9 (102.3)	104.8 (103.4)

Source: Central Statistical Office

Vehicle output disappointing

BY MICHAEL CASSELL

VEHICLE PRODUCTION in the UK was again disappointingly low in July, according to the Department of Industry.

July is seasonally poor for car output. Even so, production last month was 14 per cent below that achieved in the same period last year. Commercial vehicle production was virtually the same as in July last year.

According to the department, UK manufacturers produced a total of 64,917 units during the month aganst 122,110 in June and 75,097 a year before.

In the seven months to the end of July, car output was 1 per cent higher than in the same period last year, with export production falling by 8 per cent and home market output rising by 9 per cent.

Commercial vehicle production in July totalled 27,220 units against 39,481 in the previous month and 27,027 in July 1977. Output in the first seven months of 1978 was 2 per cent above the corresponding period last year, with production for export falling by 10 per cent and home market output increasing by 16 per cent.

The poor output reflects holidays, disputes and disruptions. It comes as private and commercial vehicle sectors approach record levels. Car registrations this month might challenge the all-time monthly record of 234,000 set in 1973, although more than half of sales might involve imports.

Changes urged in powers against terrorism

By Rupert Cornwell, Lobby Correspondent

THE GOVERNMENT'S powers to combat terrorist activities in the UK were given broad endorsement last night by an official report from Lord Shackleton.

He warns, however, that the existing 1974 and 1976 Acts should not be regarded as a permanent feature of British law, and makes several recommendations for change.

The report, commissioned by Mr. Merlyn Rees, Home Secretary, last December, emphasises that Prevention of Terrorism legislation cannot be dispensed with while the present terrorist menace continues — a threat underlined only last weekend by the attack against El Al airline employees in London.

Lord Shackleton, a former Labour leader in the House of Lords and Lord Privy Seal, stresses the need to strike a balance between effective powers to tackle terrorism, and the importance of preserving basic civil liberties.

But in a key passage he concludes: "Basic civil liberties include the right to stay alive and go about one's business without fear.

"A society will always seek to defend itself against threats to its security . . . we must be prepared to forgo some of our civil liberties for a time if this is the cost of preserving the essentials. My judgment is that while the threat from terrorism continues, the powers in this Act cannot be suppressed."

Useful

Last night Mr. Rees warmly welcomed what he called a "most useful" report by Lord Shackleton. Its recommendations would be considered and a detailed response announced as soon as possible, the Home Secretary added.

The document suggests a number of changes in the present legislation which would have the effect of reducing the powers of the police—including the abolition of the Act's Section 11, which makes it an offence to withhold information about a forthcoming act of terrorism.

The police would also lose their right to detain someone at a port for more than seven days. Port procedures should be brought into line with those elsewhere, so that the Home Secretary's authorisation would be required for any detention beyond 48 hours.

Lord Shackleton wants a review of exclusion order cases, and urges several improvements in the conditions under which detainees are held. Access to solicitors should be made more simple, though the report accepts that there can be no automatic right of access on the provisions of Judges' Rules.

As far as the IRA is concerned, Lord Shackleton believes that proscription of the organisation has made no more than a "marginal contribution" to the fight against terrorism. The move, however, has been valuable as a recognition of public feeling.

Productivity falls 20% at State shipyard

BY LYNTON McLAIN, INDUSTRIAL STAFF

PRODUCTIVITY at Austin and Pickersgill's Southwick shipyard on the River Wear, Tyne and Wear, has fallen more than 20 per cent since nationalisation.

The fall is "deplorable." Mr. Derek Kimber, company chairman, has told the work force in the latest issue of the Austin and Pickersgill house magazine. The company was in danger of losing the goodwill of its customers and ship owners around the world.

Mr. Kimber said the success of the shipyard, which has sold over 100 SD.14 cargo vessels from Britain's first production line for ships, depended "entirely on restoring our former levels of productivity."

Before productivity began to fall at the yard, the standard SD.14 ships were produced off the line at a rate of one every 16 weeks. Production is now taking 20 weeks or more.

Five factors are seen as contributing to the fall in productivity. Two of them, pay negotiations and the system of management, are directly connected with nationalisation of the yard after the Aircraft and Shipbuilding Industries Act created British Shipbuilders in March last year.

All matters connected with wage bargaining now have to be referred to the Industry Department in London. There have been delays of more than four months in reaching agreement over wages, creating intense frustration among workers and management.

The workforce is said to have been quick to sense that the local management at the yard was no longer able to manage in the way it had done before nationalisation.

The management at Austin and Pickersgill, as with other yards nationalised, is an autonomous part of a federal structure managed by the Board of British Shipbuilders.

But in practice the individual management feels it has little chance of exercising its responsibilities and is aware that the work force at Austin and Pickersgill has sensed this and realised that local management had to keep referring matters to British Shipbuilders. The management may have thus been discredited in the eyes of the workforce.

Three other factors leading to low productivity have been suggested. More than 550 men have been transferred from the now closed Bartram shipyard to Southwick on the Wear as part of a £30m development programme. This has caused some discontinuity. There has been teething troubles with new equipment and the men are said to be worried about the world depression in shipbuilding.

Editorial comment, Page 18

Ellerman cargo service joins Scandinavian lines

BY OUR INDUSTRIAL STAFF

A BRITISH North Sea shipping line has blamed Swedish shipbuilding subsidies and over-capacity for its decision to join forces with two Scandinavian lines in a new cargo-sharing venture.

The Ellerman's Wilson Line, which has operated from Hull to Scandinavia for 150 years, said yesterday it would transfer its roll-on roll-off service to Immingham on the south of the Humber from October 1. At the same time it would begin a joint service with Tor Line of Sweden and Fred Olsen Lines of Norway.

Other Ellerman services have left the port of Hull over the past few years. Mr. Tim Martin-Jenkins, the divisional chief executive, blamed the latest move on Swedish Government subsidies, which had created unwanted excess capacity on the North Sea.

Sweden had given the Oden Line, a new Swedish operator, 30 per cent grants for three-ro-ro ships and terms which gave 100 per cent loans without repayments for three years.

There would be insufficient cargo for these ships at a time when Ellerman ro-ro ships on the Swedish routes were running only half full.

Nevertheless, the British line has already taken delivery of the first of two new ro-ro ships for the North Sea, built with aid from the nationalised British Shipbuilders at Smiths Dock on the River Tees. The second vessel is expected to be delivered in November.

Mr. Martin-Jenkins said last night that British Shipbuilders had agreed to extend the instalment period for payments, which resulted in a small reduction in interest costs.

EEC steel price plan divides British buyers

BY JOHN LLOYD

BRITAIN'S steel buyers are split over the European Commission's anti-crisis steel plan (Davignon plan), according to a survey published yesterday.

The survey, in the magazine Industrial Purchasing News, shows that 47.5 per cent of buyers thought that a free market in steel would be good for British buyers, against 42.6 per cent who thought it would not.

The Davignon plan has raised the prices of most steel imports from non-EEC countries to levels roughly equivalent to the prices of the domestic steel producers. It has also brought in a general price rise for many types of home-produced steel.

However, 49.2 per cent of steel buyers thought the plan would be good for the EEC steel industry, against 40.9 per cent who thought it would not.

The survey also found that steel stockholders had not fully grasped the implications of the plan, and had not passed information about it on to their customers.

Mortgage cuts hit house sales

By Michael Cassell, Building Correspondent

THE CUTBACK in mortgages is having a severe impact on house sales, according to the House-Builders Federation.

An inquiry just completed by the Federation also shows that three quarters of the companies taking part reported worsening delays for the finance which is available.

According to the Federation, the latest situation represents "an alarming further deterioration from the already poor situation reported in April."

Six months ago, fewer than 5 per cent. of house builders said mortgage money was limiting demand, but the industry now says it has become the single most important limiting factor in the housing market.

The Federation says: "The April inquiry showed, not surprisingly, a massive turn-round for the worse in the availability of home loans because societies were having to rapidly adjust lending levels to match sharply reduced lending targets.

"The latest inquiry, however, could have been expected to show at least a stable or slightly improving situation, in view of current easing of lending restrictions. There has, in the event, been a worsening of the position, with reduced mortgage availability and longer delays in obtaining mortgages being reported."

Demand

The Federation adds: "The situation illustrates that Government intervention to restrict mortgage lending earlier this year has had a severe and continuing effect upon the private house building industry."

According to the house builders, the level of demand for new private housing seems to be stabilising around the improved level to which it moved in the first half of 1978. An inquiry conducted among housing contractors in March showed they expected to start about 165,000 private homes this year against 135,000 in 1977.

Yesterday's figures also showed that the lack of building land at viable prices remains the most important factor limiting the supply of new housing, with over 80 per cent of the 220 house building companies taking part describing the land-supply position as "a major impediment."

Fall in brick production

BRICK PRODUCTION in July reached only 370m against 446m in the previous month and 397m a year before. In the May-July quarter, output was 2 per cent lower than in the previous three months and 7 per cent down on the same period a year before.

July deliveries totalled 460m against 529m in the month before and 426m in July, 1977. Between May and July, deliveries were 13 per cent up on the preceding quarter and 7 per cent higher than a year earlier.

Barclays retail credit scheme

By James Forth

BARCLAYS is launching a pilot scheme next week for operating individual retailer's credit cards. The trial, which will be assessed at the end of the year, will be carried out with Dunn and Co., the tailors.

The scheme, called Barclaycare and registered as an arm of Barclaycard, aims to provide a complete funding and administrative service for retailers wanting their own "in-house" credit systems. Dunn's described the fee for the service as "very reasonable."

It is believed to be the first time that a UK bank has offered a service of this kind to retailers. If the trial is successful, Barclays expects to make a full launch of Barclaycare by next summer. The bank is already negotiating with other retailers.

Barclaycare is designed to be flexible and retailers using it will be able to offer customers budget, option or term-accounting systems, including the issue of a credit card bearing the retailer's name. Barclays says the interest rates charged will be competitive.

Dunn's will introduce the scheme at its 172 branches over the next two months.

£5m service scheme for BSC

A NEW service department for British Steel Corporation's continuous casting steel plants started operations.

Commissioned by BSC Cumbria, the department cost £5m. It has enabled turnaround times for mould and top zone refurbishing to be more than halved in some cases. With at least a quarter of BSC's output expected to be produced by continuous casting by the 1980s, the department has been planned to cope with the expected rise in demand.

Engineering sales still rising

BY MICHAEL CASSELL

A CONTINUING improvement in engineering sales both at home and for export during the three months up to the end of May is reflected in figures released yesterday.

Total sales, according to the Department of Industry, rose by 2½ per cent when compared with the previous three months. New orders increased by 1½ per cent.

New homes orders have been improving slowly since the middle of last year and are expected to maintain this growth over the next few months. The department says that it is unclear whether the decline in new export orders recorded during 1977, reflecting some loss of competitiveness, has been halted.

Home sales in the three months up to May rose by 3 per cent over the previous quarter. The rising trend, which began towards the end of last year, comes after a two-year period during which domestic sales fluctuated only slightly.

In contrast, the volume of export deliveries grew from the middle of 1976 until a setback towards the end of 1977. They have recently resumed their upwards trend, rising by about 1½ per cent between February and May.

Home orders on hand showed little change during the latest quarter under review, as the intake of orders was just sufficient to balance the level of sales. Export sales, however, exceeded new orders, producing a slight shortening of the order book.

A July survey by the Engineering Employers' Federation suggested that although the first part of this year did see some improvement in the fortunes of the engineering sector, many "worrying features" remained and the outlook was not particularly encouraging.

On exports, the federation said that Britain's share of world exports in engineering fell in the final quarter of last year and is unlikely to have recovered. Levels of investment and of profits in the industry, the federation claimed, remained extremely low by historic standards.

Nearly all brewers made profits over two years

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A NEW survey of the British brewing industry has shown that virtually all brewers made a profit in their last published financial accounts. Out of 111 companies surveyed by Jordan Surveys, only three had made a loss.

"This proportion of loss-makers is unquestionably smaller than that encountered in any other major industry that we have examined," comments Jordans, which publishes regular detailed financial surveys.

In its survey published yesterday, there was little difference between the major publicly-quoted brewers and the smaller private companies in terms of financial performance.

The two-year average of profit margins for the major brewers was 8.03 per cent, with smaller companies earning an average 3.88 per cent margin.

Of the major brewers, Allied Breweries, which is bidding for the J. Lyons food group, has the second-lowest profit margin although having the highest turnover.

Jordans comments that the "atrocious summer weather of 1978 will certainly have a depressing effect on the industry." But in the longer term it suggests that there is much less certainty about the way the market will develop.

While Allied Breweries is predicting that lager sales would be the big growth area in beer sales by the end of the century, other estimates suggest that the lager growth rate will be less spectacular.

"Real ale will probably keep, but not greatly expand, the share that has been won for with so much publicity." Specialist beer producers, including some of the bigger regional brewers, "provide tempting takeover targets, although more probably from companies outside than inside the brewing industry."

The survey also predicts that public houses "will become less of a male preserve' and that more will sell food.

The top performing company in the survey was Joseph Holt, a Manchester-based brewer with profit margins of almost 30 per cent.

The British Brewing Industry, Jordan Surveys, 47, Brunswick Place, London, N.1; £60.

'Time theft' costs £5bn

FINANCIAL TIMES REPORTER

EMPLOYEES "steal" more than £5bn from their companies every year by abusing or wasting time at work, according to the Robert Half Personnel Agency.

Robert Half claims that a survey based on questionnaires sent to 60 companies shows there is an average weekly loss of three hours and 20 minutes per employee every week through "time theft."

"Time theft" comes in various shapes and sizes: arriving late, leaving early, excessive personal phone calls and tea breaks, unjustified "sick" days, writing personal letters and on-the-job daydreaming are a few of the categories.

The agency says the survey is not an exercise in "union bashing." It says: "It seems that those who work in management or professional organisations steal more time than workers on the factory floor."

While the causes of "time theft" are fairly obvious—apathy, bitterness, laziness and sometimes out and out dishonesty—the cures are more difficult.

The agency believes that if people were more aware of the consequences of their actions they would behave better. Management could also help by providing more supervision and by setting a better example.

The only consolation is that similar surveys carried out in the United States and Canada indicate that there are even bigger time thieves than we are.

● NEWS ANALYSIS—POST OFFICE DISPUTE

Engineers count their gains

BY JOHN LLOYD

WHEN, last week, the Post Office Engineering Union said its national executive regarded Lord McCarthy's proposals for ending its ten-month action over shorter working hours as a reasonable basis on which to negotiate, Mr. Bryan Stanley, general secretary, commented that it was a "victory" for the union.

Sir William Barlow, the Post Office chairman, retorted tartly that industrial disputes were a victory for no one.

The fact remains, however, that—assuming the POEU's special delegate conference, to be held next month, accepts the McCarthy scheme—the union has won something tangible, while the Post Office is not sure whether it has lost or gained.

Agreement on McCarthy will mean that, from December 1, the engineers will change from a 40-hour to 37½-hour week.

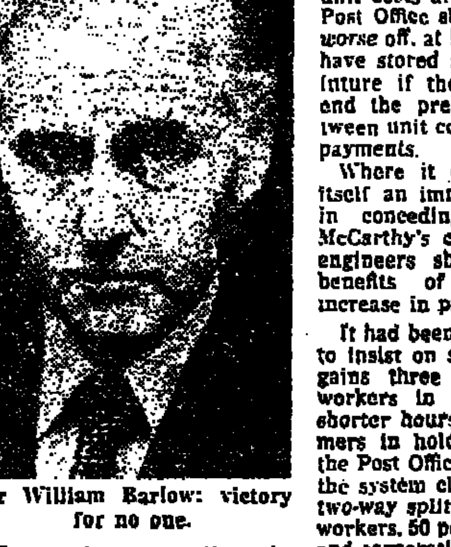
Some will be asked to start work half an hour later than at present: others will move to an eight or nine-day fortnight. They will have more free time and their earnings will not suffer. Maybe not a victory, but undoubtedly a gain.

What does the Post Office get? First, it gets normal service resumed, which was in itself a cause for rejoicing. The action has probably cost little more than £10m in quantifiable money terms—the Post Office does not think it will have an observable effect on its target rate of return for the telecommunications business (6 per cent on net assets)—but it has badly hurt its new image and its self-esteem.

It should be remembered that Sir William Barlow took over last year (in November, at about the same time as the engineers began their action of "blacking" new equipment) with promises of a more consumer-orientated organisation, rapid growth in the domestic telephone network and a much more open, devolved and democratic management style.

The engineers' action did not destroy these aims, but it was a sardonic running commentary on them.

Second, and of much greater importance in the long term, the Corporation gets a new deal in the work practices of the telecommunications businesses.



Sir William Barlow: victory for no one.

The union executive has agreed to tighter monitoring procedures, to better collaboration on new technology in the future, to exhort its members to work harder, and to recommend a move away from payments in cash—not unimportant to an organisation whose Giro service is dedicated to help bring in the "cashless society."

Most important, the union has agreed to a "recovery mechanism" which will mean that if productivity gains sufficient to cover the cost of shorter hours do not ensue, the engineers lose their productivity bonuses commensurately.

The last of these is important because it is the only effective sanction the Post Office management has: the others may, or may not, remain mere pieties.

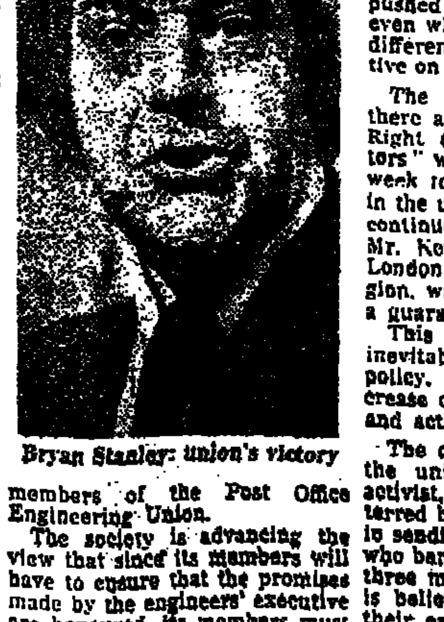
So, assuming that monitoring is effective and the figures for unit costs are to be trusted, the Post Office should not find itself worse off, at least—though it may have stored some trouble in the future if the demand comes to end the present direct link between unit costs and productivity payments.

Where it certainly has given itself an immediate headache is in conceding—or agreeing to McCarthy's concession—that the engineers should reap all the benefits of the new deal's increase in productivity.

It had been Post Office practice to insist on sharing productivity gains three ways: part to the workers in extra payments or shorter hours, part to the customers in holding prices, part to the Post Office in reserves. Then the system changed to a straight two-way split: 50 per cent to the workers, 50 per cent to customers and corporation.

In the present arrangement, the workers would take all the gains since they are required only to lower unit costs by as much as it takes to pay for the shortening of their hours.

In this way arises what is beginning to be called within the Post Office "the SPOE problem." The Society of Post Office Executives is a 20,000-strong managerial union whose members supervise the work of the members of the Post Office Engineering Union.



Bryan Stanley: union's victory

The society is advancing the view that since its members will have to ensure that the promises made by the engineers' executive are honoured, its members must be paid more for their trouble.

The problem here is that there is no money left over with which to do so. Negotiations are continuing: the problem appears intractable.

Finally, what will be the effects on management-worker relations in the longer term? Optimists in the telecommunication business's headquarters in the City say that they may improve because of this settlement.

The commitments made by the executive on better collaboration, coupled with the goodwill generated by management conceding part of a claim, are given as reasons for the optimism.

However, it is also admitted that the union demonstrably has had difficulty in dealing with the militant members who pushed for the 35-hour week even while the executive was indifferent to it, forcing the executive on to an unwilling offensive.

The Post Office believes that there are both far Left and far Right (National Front) "agitators" who are using the shorter week to advance their positions in the union. This agitation will continue, especially in London: Mr. Ken Ford, director of the London telecommunications region, warns that he cannot give a guarantee of industrial peace.

This is seen in part as the inevitable reactions to pay policy, in part to a general increase of power at shop steward and activist level.

The optimists say the bulk of the union membership is not activist, and that they were deterred by the Post Office's action in sending home those engineers who banned overtime in the past three months. They will not, it is believed, want to jeopardise their earnings again in support of the militants' demands.

However, the loyalty of the engineers to their union is well known and the shorter working week has proved a popular platform. The union will continue to believe it has won a victory and its appetite may grow on what it feeds on.

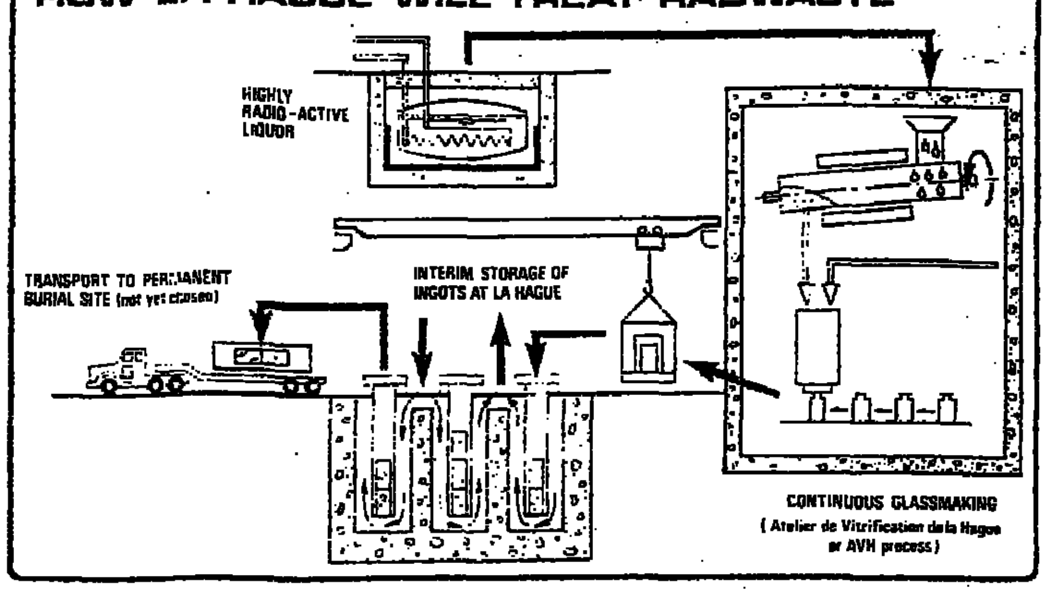
هكذا من الاصل

ENERGY REVIEW: NUCLEAR REPROCESSING — BY DAVID FISHLOCK

Why the French are setting the pace

ON A clifftop near Cherbourg, from which the Germans directed the radio beams guiding their bombers to Coventry in 1941, a cluster of large white concrete buildings and one tall chimney dominate a skyline once dotted with radars. Security today is no less stringent, however, for this is the site of one of three big factories planned in Europe—in defiance of present U.S. Government policy—for the reprocessing of spent nuclear fuel and the separation of plutonium.

HOW LA HAGUE WILL TREAT RADWASTE



In 1971, Britain, France and West Germany announced that they had founded a tripartite "club" called United Reprocessors, to pool the European market for reprocessing capacity and to phase construction of new capacity. The club, although clearly an attempt to discourage—at that time for *purely commercial reasons*—other nations from investing in their own reprocessing capacity, was subsequently declared by the EEC not to be a cartel, but to be in Europe's best interests.

When directors of the club's shareholders meet in London next week it will be to discuss an organisation significantly different in aims and objectives from the one they spawned just seven years ago. No longer is there any question of discouraging other would-be reprocessors—at least not for commercial reasons. The partners cannot hope to meet all the international demand for reprocessing over the next two decades, even if they complete on schedule three of Europe's most ambitious industrial projects.

Of the three "club members" the French believe they are now setting the pace. Windscale's new £600m thermal oxide reprocessing plant (THORP), given British Government approval in May, was held up for two years by government prevarication and will not be on-stream before 1988. West Germany's plans for the equivalent of THORP, at Gorleben, severely hampered by anti-nuclear campaigners, are not expected to come to fruition before 1990. But France already has commercial oxide fuel reprocessing capacity in operation and expects to build up to the equivalent of THORP as early as 1984.

West Germany's reprocessing plans for the present are concerned solely with fulfilling that country's domestic requirements. Plans approved for Britain allow British Nuclear Fuels to seek about 3,800 tonnes of overseas fuel for reprocessing during the first decade of THORP's life, the majority of which it has now secured. France, however, has signed contracts for almost twice as much overseas fuel, 5,660 tonnes from light water reactors in seven other nations (see table).

Still more significantly, since the overseas contracts of both Britain and France contain *clauses obliging the customers* to take back the highly radioactive waste left after reprocessing their fuel, the French have already demonstrated how this can be done. Daily for 28 days this summer they have been casting 300 kg of solidified waste as glass ingots. Britain's plans call for a start on construction of a pilot plant for the process late next year, and its first radioactive ingots only late in 1981.

Modelled

For the past two years the French reprocessing business has been the responsibility of Cogema (Compagnie Générale des Matières Nucléaires), a wholly owned subsidiary of the Commissariat à l'Energie Atomique (CEA). Cogema, CEA officials frankly admit, was modelled on British Nuclear Fuels.

Cogema operates two reprocessing sites: Marcoule in the Rhône Valley, mainly for military purposes though the site includes pilot reprocessing facilities; and at Cap la Hague on the sparsely populated Cherbourg peninsular about 20 km from the seaport. In the early 1960s, on rugged moorland 180 metres above sea level, the French began clearing the blockhouses to build a modern chemical plant—some 16 years after nuclear construction began at Windscale. It has operated industrially only since 1967.

The site was chosen, says Mr. Maurice Delange, its director for the last four years, above all because the fast-running tide can be used to sweep weakly radioactive effluents far into the ocean, while winds blow offshore from the factory almost 100 per cent of the time. Of recent criticism of his factory on BBC television by fellow countryman Jacques Cousteau, Mr. Delange remarks drily: "I'm not sure whether he knows anything about the sea, but he knows nothing about nuclear energy." Certainly Mr. Cousteau's fears of tidal waves sound a little far-fetched from an office over 600 feet above sea level.

In preparation for both foreign and domestic spent fuel, Mr. Delange has a major construction project already in hand at La Hague. A chemical separation plant originally designed to reprocess 500 tonnes a year of uranium metal fuel from France's seven gas-graphite reactors is being modified to reprocess, by 1984, 800 tonnes a year of oxide fuel from light water reactors. The plan is to transfer almost all the reprocessing of natural uranium to Marcoule by the mid-1980s.

The critical modification to La Hague's UP2 plant, as it is called, has already been made, and received the Government's approval on safety earlier this year. This is the addition of a new front end to the process called the "highly active oxide" plant, permitting the facility to treat the more intensely radioactive oxide fuels. Mr. Delange can now alternate between reprocessing metallic and oxide fuel.

The main modifications now being excavated in the sandy clifftop are large extensions of capacity to store both incoming oxide fuel and highly radioactive liquid waste. For incoming fuel, two very large concrete ponds, each designed to hold 1,000 tonnes of fuel, are well advanced in construction alongside UP2. They will also serve the next big extension of reprocessing capacity, designated UP3. As for the highly active waste, La Hague is awaiting the formal report on the Marcoule trials this summer before planning the world's first commercial facility for solidifying acid waste at present stored—much like Windscale—in sealed stainless steel cauldrons (see accompanying sketch).

The UP3 facility will in fact be not one but two further plants of the size of UP2, 800 tonnes a year apiece, but designed from scratch for reprocessing oxide fuel and solidifying the highly active waste. Already the basic plans have been settled. The La Hague management says confidently there is no question of accepting U.S. ideas for "proliferation-resistant" cycles such as co-processing of uranium and plutonium as a mixture—UP3 will separate pure plutonium using the well-tried Purex process. UP3 "A" plant is expected on-stream in 1986; UP3 "B" in 1989-90.

A Foratom meeting held in 1971, at the time United Reprocessors was being set up, came to the conclusion that large reprocessing plants of about 1,500 tonnes per year capacity would cost in the order of Ffr 500m and employ about 300 people. The estimates proved optimistic. Today's best guess, say the French, is a capital cost about ten times as great and twice the workforce. The reason—as with nuclear reactors—is a rapid escalation in the cost of provisions for extra safety. They pervade the entire project, from the process itself to the factory perimeter—at La Hague they are installing floodlights and an electrified fence as extra precautions against terrorist attack.

The Cogema management is coy about the precise terms of its contracts, disclosing only that its most difficult customer is the domestic utility Electricité de France. What is plain, however, is that so rapidly has the cost of reprocessing escalated that it has not proved possible to secure from everyone such terms as the 40 per cent down-payment towards the cost of plant construction which United Reprocessors once agreed upon.

COGEMA REPROCESSING * CONTRACTS

	Tonnes
Japan	2,200
Sweden	620
W. Germany	1,705
Switzerland	469
Austria	222
Holland	120
Belgium	324
TOTAL	5,660

* At about $300,000 per tonne.

Neither for UP2 nor for the big expansion of capacity envisaged with UP3 do the French contemplate holding a public inquiry of the kind held at Windscale. In Paris top nuclear officials express delight with the outcome, and still more with the declarations of UK Government confidence made by *Dr. David Owen*, Foreign Secretary, in international reprocessing as a sound way of discouraging plutonium proliferation. Politically, said one, it has opened the way to persuading the U.S. that it has got its anti-proliferation policy wrong. But they also say frankly that the public inquiry is an Anglo-Saxon concept which has no place in their system of democracy.

La Hague still seems to be the prime target of anti-nuclear *feelings in France*, but opposition has waned quite dramatically since the General Election. Response to attempts to muster a local protest in June was so poor that it was rescheduled for the autumn. As for efforts to exploit union grievances arising *from the* transfers of CEA industrial staff to the new company Cogema, Mr. Delange says that 95 per cent of his workforce have now signed up with Cogema. The rest remain CEA employees but have until next summer to make up *their minds*. Their dilemma, says Mr. Delange, is that Cogema's terms are better than those of the CEA. His own tough problem is to maintain the very high existing standards—now set and monitored by the Health Ministry—for radioactive liquid and atmospheric emissions from his factory, while greatly expanding its throughput over the next ten years.

A problem which La Hague has not yet had to face is storage of plutonium on the site. As fast as it has been separated it has been shipped away for fabrication into fast reactor fuel. But by 1984 UP2 in full spate as an 800-tonne oxide fuel reprocessing plant will be separating 8 tonnes a year of plutonium. Late that decade the twin streams of UP3 will each be separating eight tonnes a year of plutonium, much of which Cogema is expected to store for its overseas customers, until such time as they can show that they need it themselves for internationally acceptable experiments. A top-security plutonium store at La Hague, similar to that already existing at Windscale but probably under international control, is a likely addition. And the site is already earmarked for Europe's first commercial plant to fabricate plutonium fuel for fast reactors.

COMMONS PUBLIC ACCOUNTS COMMITTEE REPORT

Call for free access to records

PROPOSALS for increasing the accountability to Parliament of the National Enterprise Board and the British National Oil Corporation were contained in a report from the Commons Public Accounts Committee published yesterday.

The report says that the Comptroller and Auditor General, who carries out *investigatory work for the* committee, should have free and "untrammelled" access to the records of the two organisations.

Such access, says the committee, "is an essential step towards securing the measure of accountability which we believe to be necessary and justified."

The committee first made these proposals last year, and since then it has met strong opposition in Whitehall and from the NEB which contended that its ability to operate commercially would be endangered if the Comptroller General were given free access. There has been less opposition over its BNOC proposals.

"We respect the sincerity of the NEB fear that access to its records would prejudice its relationship with some of the private firms with which it deals" says yesterday's report. "But we must comment that if, contrary to our expectations, that proved sometimes to be the case, it would be part of the price to be paid for adequate accountibility.

"Such problems are in our view inherent in the extension of the mixed economy by way of such instruments of public policy as the NEB."

Independent

The report acknowledges that the NEB has answered the committee's questions about its operations orally and in writing but comments: "That does not get us, or Parliament, very far."

It continues: "Without free access by the Comptroller and Auditor General to the Board's records we have no independent source of advice on the way in which the Board has discharged its statutory functions on matters of interest or concern arising therefrom; nor therefore, are we in a position to report in any cogent fashion to Parliament.

"It is for this reason, which goes to the heart of the effective accountability of public bodies such as the NEB, that we have laid stress on the need for full access by the Comptroller and Auditor General."

The committee's interest in the NEB and the BNOC started during the 1976-77 Parliamentary session shortly after they had been set up. It said then that its examination of their activities would be helped by the Comptroller General having "access to their books and records," although in neither case had he been appointed auditor by Parliament.

"Parliament's control of the NEB's operations *is limited to* approval of the Board's statutory financial limit and of the estimates which provide for advances to it of public dividend capital, and no Parliamentary approval is required for even major acquisitions by the Board," says yesterday's report.

Both the Department of Industry and the NEB had told the committee that they considered any closer or more detailed accountability to Parliament would "fundamentally change the intended relationship and possibly the effectiveness with which the NEB carried out its appointed role."

During the past year the Comptroller General had found that the Department's files lacked full supporting information on NEB acquisitions and plans and accordingly asked the Department to obtain from the NEB some forecast returns on *investment and market* research reports for a sample of cases.

The Department had replied that the Board's chairman considered the NEB's performance was to be "judged on an overall basis over a period of time against its statutory financial duties and that he did not consider it appropriate to quote individual forecast returns."

Both the Department and the NEB considered that to provide specific information would go further than the normal practice for a holding company. "The NEB itself took the view that it should operate precisely as would *a private sector holding company*, and maintained that it would not disclose information relating to its associated companies without their permission," says the report.

"The NEB was not clear why it should be called upon to justify its judgments on particular *investments to an outside body*."

The Department also pointed out that the Government had deliberately set up the NEB to operate under its supervision with a "maximum of freedom and entrepreneurial opportunity" to provide industry with a different kind of support from the ordinary Industry Act assistance.

It added that if the Comptroller General were granted access to the NEB, more staff would be needed by all the organisations involved and that "the whole character of the Board would change."

The Board said that access by the Comptroller-General would "hinder progress in establishing relationships with private-sector companies," particularly if its confidential information were passed on. Its decision-making process would also be confused.

The Treasury backed this general line of opposition and told the committee that it was "basic to the concept of the NEB that the *management* should be judged by its results, and it was not axiomatic that for Government bodies operating in the commercial sector that increased access by the Comptroller and Auditor-General meant better accountability to Parliament."

It added that it was "more conscious than last year of the risk that access would undermine the operations of the NEB early in its career."

Turning to the BNOC, the report says the committee noted last year that the Corporation's activities would be reflected in three accounts laid before Parliament. Two of them—the National Oil Account and the Secretary for Energy's account relating to issues out of the National Loans Fund—are already audited by the Comptroller General. But the third—the BNOC's own accounts—are audited by commercial accountants appointed by *the Government*.

So while the Comptroller General would be able to help the Committee examine the first two accounts, he would be able to give only "restricted assistance" on the BNOC's own accounts. This was because his access to BNOC's books and records was limited to matters relating to agency transactions and the Corporation's system for bringing to account and transmitting receipts to the National Oil Account.

"We considered that direct inspection by the Comptroller and Auditor General of BNOC books and records might well be the most effective method of obtaining the information we required to perform our duties," says the committee.

Information

It adds that during the past year the Comptroller General had found he has not had sufficient *information about items of* the BNOC's expenditure either to give an independent opinion on the need for money issued from the National Oil Account or to help the committee examine the BNOC's expenditure in detail.

The Department of Energy said that, while it could make certain information such as operating agreements for oilfields available, it was concerned that the boundary should be defined between the work of the Comptroller General and the BNOC's commercial auditors.

This has led the Committee to conclude that if the Comptroller General were to help with an examination of the BNOC's "stewardship" of its operations, he needs "untrammelled access to the Corporation's records and papers and that specific questions and answers, however full, are not adequate substitute."

Government action urged on BNOC

GOVERNMENT ACTION is *needed to restore Parliament's* control over the financing of the British National Oil Corporation, says the report.

This recommendation comes in addition to the general call for the Comptroller and Auditor-General to have "untrammelled access" to BNOC's records and papers to allow *Parliament direct* examination of its accounts.

The committee is concerned at the implications of the agreement made by BNOC last year in which it arranged loans in the U.S. of up to $825m based on the forward sale of oil.

A U.S. corporation, Britoil, was set *up to receive the funds*, and its transactions under the dollar-financing scheme are effectively controlled by BNOC.

The loan was announced with a flourish by the state oil corporation in June last year as evidence that it had now established itself as an oil company able to obtain finance from international capital markets without recourse to a Treasury guarantee.

Forward sales

Under the Forward Oil Purchase Agreement, Britoil undertook to make advance payments for oil to BNOC, and the oil corporation undertook to sell, as *Britoil's sole agent, sufficient* quantities of oil to finance Britoil's liabilities for repayment of the banks' advances

The Public Accounts Committee's concern has arisen because the loan—based on forward sales—is not subject to BNOC's statutory borrowing limit set by *Parliament in 1975 at £600m. (It* can be extended by order of the Energy Secretary to £900m.)

In evidence the Department of Energy told the Committee that it was normal commercial practice for oil companies to engage in forward sales. But it admitted that no account had been taken of this when the Bill setting up BNOC was prepared.

This did not mean, however, that the corporation could raise unlimited amounts of money through forward sales. All money raised had to be paid into the National Oil Account and withdrawals for BNOC could only be made with the Department's authority and agreement.

The Treasury considers that there should be strict limits on any further forward sales, says the Committee—and the report recommends that "rectifying action should be taken to restore Parliament's control over the financing of BNOC" while the Treasury should consider the general implications of the case.

● The report also recommends that British Nuclear Fuels should pay dividends which reflect more closely its profitability and the Government's total investment.

Public funds 'should aid Rolls-Royce'

THE REPORT said that further public funds should be given to Rolls-Royce to help it develop aero engines but warned that any fresh allocation of aid for BL could be justified only by increased productivity.

This emerges in a section dealing with the financial duties of the National Enterprise Board and two of its main companies—BL, formerly British Leyland, and Rolls-Royce.

The report says that it accepts that there are likely to be "lean years ahead" for Rolls-Royce, but reiterates that "the company's objective should be to attain a level of profitability sufficient to reduce capital injections from public funds substantially."

The Committee was told by the NEB and the Department of Industry that Rolls-Royce could be "very profitable" if it pursued a short-term strategy ignoring future development.

But if the company was to retain its place in the "highly competitive industry of aircraft engine development," it had to spend substantial sums on development. This would limit *its profitability in the next few years*.

"We accept that it is right to adopt a long-term strategy for Rolls-Royce, and that further assistance for the company from public funds might therefore be needed in the short tem," says the report.

The NEB has yet to adopt a financial duty for the performance of Rolls-Royce, but the report says that "the financial arrangements made for the short to long term should be such as would help Rolls-Royce to work towards achieving a level of profitability in the longer term."

On BL, the committee says: "We remain convinced that the continuing provision of public funds for BL can only be justified so long as improvements in productivity and production can be assured to reach internationally competitive levels in time."

This qualifies the current NEB policy of not tying the allocation of cash to BL to precise productivity targets.

The report notes that an interim financial target has been set of a 10 per cent return on capital by 1981 and that the NEB considers this to be a practical figure, though not one easy to achieve. It accepts this, but endorses the NEB's view that "this target should be regarded only as a step towards the long-term objective of achieving a fully satisfactory return on the capital employed."

Criticising the Department of Industry for not telling Parliament of the £275m loan made to BL last March until the day of issue, the report says: "In our view this underlines the need for Parliament to be given adequate time to consider any new proposals for the issue of public funds to BL."

The report also accepts the financial target of 15 to 20 per cent on capital employed which has been set to cover all the NEB's other activities. "We trust the Department will closely monitor the NEB's progress towards *achieving it since such progress* has so far been disappointing," says the report.

● In a separate section, the report recommends that the Treasury should consider the impact on public sector financial controls of comfort letters issued by statutory bodies as a way of indicating that they are aware of the financial obligations of subsidiaries and associates.

The Committee has been told that sums covered by comfort letters do not count against statutory financial limits. It suggests that "Parliament should be informed promptly of all such arrangements, as is now done for major guarantees."

Eightieth report from the Committee of Public Accounts, session 1977-78: Atomic Energy Authority, Department of Energy, British National Oil Corporation, Department of Industry, National Enterprise Board. SO. Price £4.50

Reports by John Elliott, Industrial Editor and Kevin Done, Energy Correspondent

LABOUR NEWS

Radiator plant strikers accept BL pay offer

BY OUR LABOUR STAFF

THE STRIKE at BL's Llanelli radiator plant, which virtually halted output, ended yesterday when 100 production workers accepted a new pay offer. Normal working is expected to resume immediately.

The eight-day unofficial strike over pay parity with craftsmen resulted in 2,300 lay-offs at the factory and was threatening production at the company's vehicle building plants. All output at Llanelli would have been stopped today if the dispute had continued.

The peace formula was worked out in discussions involving Mr. George Wright, general secretary of the Wales TUC.

It includes acceptance in full of the results of BL Cars' job evaluation programme; the establishment of a common grade rate for all production workers at the South Wales plant and an immediate one-off payment of £204 to some of the workers.

The lump sum *represents the* difference in pay between production workers and craftsmen over a 12-month period.

Production of Chrysler Alpines in Coventry was stopped yesterday and 1,600 laid off because of a strike by about 85 millwrights.

The dispute followed a breakdown on Wednesday in the water system linked to the paint shop at the company's Ryton plant. Some flooding occurred and the millwrights demanded a special payment for working in the flooded areas, which was refused.

Two of the millwrights were suspended for a day when they refused a management request to work normally and the rest of the millwrights walked out.

A strike by 200 men over new working arrangements and job allocations at Massey Ferguson's tractor factory in Coventry was called off yesterday when the strikers agreed to further discussions.

Basnett warns against 'counter-unions'

THE GOVERNMENT'S White Paper on industrial democracy could lead to the formation of "counter-unions" — groups of employees not belonging to a recognised union, Mr. David Basnett, general secretary of the General and Municipal Workers' Union and chairman of the Trades Union Congress, said yesterday.

Mr. Basnett, writing in the journal of the London Chamber of Commerce and Industry, said that the ambivalent references in the White Paper to possible forms of accredited worker representation by "homogenous groups of employees," who are not trade unionists, will cut across established forms of collective bargaining.

Mr. Basnett clashed with the official TUC view that the only way towards industrial democracy is through worker-representation on the board.

He said that the unions are involved far too late—when the key decisions have been made, and many of the options ruled out.

Mr. Basnett said three developments need to take place before such involvement can be achieved:

● All trade union machinery needs to deal with the employer at the decision-making level—and not just at national level.

● The law on disclosure of information needs to be much tighter and relate to financial performance, investment plans, manpower plans and other strategic decisions.

● Management, Government and the media should accept that any system of industrial democracy that is not based on trade union organisation will simply be divisive and cause chaos.

Bilston workers get allies in fight to keep steelworks

BY PAULINE CLARK, LABOUR STAFF

THE FOUNDATIONS of a possible major attack by unions on the threatened closure of the Bilston steelworks in the West Midlands were laid yesterday as TUC steel union leaders met the local action committee to study workers' plans for saving the plant.

Mr. Bill Sirs, chairman of the TUC steel industry committee and general secretary of the Iron and Steel Trades Confederation—the biggest union in the industry, has already indicated that his union would be ready to support the Bilston workers if BSC decides to press ahead with closure plans in spite of consultation.

At an ISTC reconvened conference in London earlier this week he said that Bilston represented the "dividing line" between the operation of cutbacks under the Beswick Report's recommendations which had won the co-operation of the unions and closures beyond that programme.

The Bilston workers' action group plan, formulated by the joint union liaison committee at the works, argues that any decision on te future of the plant *should* take into account the total social cost of closure and be based as much an political grounds as on BSC's financial judgment.

The committee's plan, presented to the steel union leaders yesterday, referred again to a local working party's proposals for investment in an electric arc furnace or bottom blow oxygen steelmaking equipment as a way of ensuring a continuing market share and profitable future for Bilston.

It emphasises that as a modernised, integrated and flexible small plant, Bilston would be a "great asset" to BSC in further development of specialised products.

The plan suggests that with less concentration on the world-wide problems of industrial overcapacity and more on the efficient and economic use of capacity, Bilston's market share could be maintained "at a very healthy profit to the corporation."

It would give a 70 per cent return on capital invested even if only working at 70 per cent capacity, the committee claims.

It estimates that the benefits of closure to BSC would be marginal and would have cut BSC's losses last year only by 0.5 per cent.

It reckons that the total social cost could be more than £54m with the addition of redundancy payments, retraining costs, social security benefits and unemployment pay.

Advertisement complaint

By Our Labour Staff

MR. STAN DAVISON, assistant general secretary of the Association of Scientific, Technical and Managerial Staffs has complained about the rejection of a union recruitment advertisement due for insertion in the Army *magazine, Soldier*.

He wrote complaining to Mr. Fred Mulley, Secretary of State for Defence.

Under conditions of acceptance clauses, the magazine's editor can reject any material without giving reasons.

The union, which is attempting *to step up its recruitment* campaign in the Forces says it is consulting its solicitors about the decision and other adverts it intends placing in Forces' magazines.

Vote rejected

THE National Union of Mineworkers' Nottinghamshire area council yesterday decisively rejected a call for a vote of no confidence in the bonus incentive scheme which has been operating for six months.

Offshore catering staff vote for union rights

OFFSHORE CATERING workers on the Occidental, Piper and Claymore platforms have voted for full trade union negotiating rights with their employer in a North Sea union ballot.

Although only half the ballots sent out by the Advisory Conciliation and Arbitration Service were returned, nearly 100 per cent of these favoured union representation and the Transport and General Workers Union will be pushing for full recognition.

Announcing the result of the ballot among 62 catering employees of OSSCO Services Mr. William Reid, Aberdeen TGWU secretary, said: "We are disappointed with the return of the ballot papers but even with that we still have a sufficient majority to gain full negotiating rights.

"We are going to argue on the basis of votes returned, rather than on those who did not vote. Thirty-one out of 32 ballot papers returned wanted union representation, and by any standard that is 50 per cent of those balloted."

Mr. Reid said that shop stewards on the two platforms explained that a number of men had moved from addresses which the company had supplied to ACAS for the ballot.

Mr. Mike Collins, OSSCO Services managing director, said yesterday he would prefer not to comment on the ballot before meeting the union on September 14 when they would be "sitting down amicably to discuss the matter."

Shutdown risk

RISTS' Wires and Cables factory in Newcastle-under-Lyme, Staffordshire, may shut today because more than 1,000 members of the Transport and General Workers' Union walked out yesterday in a dispute over productivity payments.

FINANCIAL TIMES SURVEY
Friday August 25 1978

World Railways

There are signs that better times may lie ahead for the railway industry. Developing countries offer good export prospects, and traffic congestion caused by its great rival, road transport, is promoting the case for urban rail systems.

Picking up speed again

By Ian Hargreaves
Transport Correspondent

THE 1973 oil crisis cannot be credited with the creation of many industrial booms, but there is no doubt that the fourfold increase in oil prices has played its part in stimulating what is now customarily referred to as "the railway boom."

Perhaps the term is overlavish. This year railways outside the Soviet Union and China (from where little information and fewer rail export contracts emerge) will spend between £8bn. and £10bn. on equipment, modernisation and new railway lines.

The sums are not large enough or the upward trend in spending sudden enough to stimulate genuine boom conditions, in the sense of new manufacturers bustling in to a volatile market. Indeed in most of the traditional railway equipment exporting countries—Japan, Britain, W. Germany, France, the U.S., Canada and Australia—there is overcapacity in at least some sectors of the industry.

Mr. John Legg, chairman of Britain's Railway Industry Association, reckons that the British industry, in spite of a recent healthy flow of export contracts and a fair if not exactly profuse amount of railway activity at home, could increase its output by 20 per cent without strain.

The boom is therefore perhaps principally one of morale. Most European and American railways have undergone their crises since the war as the heavy lorry has snatched their freight business and the private car carried away their passengers.

This circle is far from complete and big cutbacks are still planned in West Germany and Canada, while in the U.S. the planners have barely been assembled for a task which seems certain to involve large-scale rationalisation. But at least now there is a feeling that the lorry and the car have moved closer to their limits in terms of speed and environmental acceptance at a time when railways are getting faster.

Many railways in the developed world, in spite of the huge financial deficits which are still common among them, have once more started to see parts of their business grow. Passenger traffic has grown steadily on British Rail in the last two years and over a considerably longer period on French and Japanese railways, where investment levels and government commitment have been stronger.

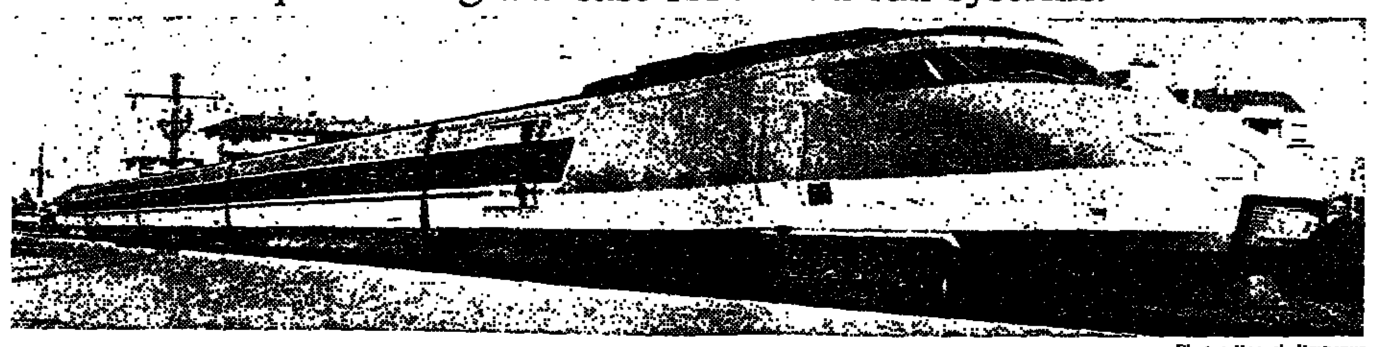
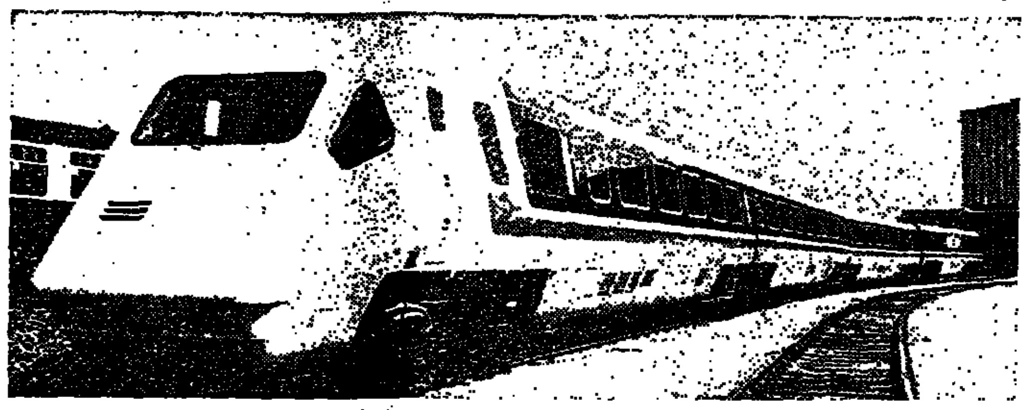


Photo: French Railways



Two of Europe's new generation of passenger trains.
Above: France's TGV turbotrain for service on the new Paris-Lyons high-speed link.
Right: British Rail's 150 mph Advanced Passenger Train.

Wave

For its part, the railway industry is hoping that this improved business climate, occurring as Governments face a medium-term energy scenario involving growing shortages of oil, will push countries into a new wave of railway electrification, thus underpinning the industry's domestic order book for the rest of this century.

But it is to the developing world and to the growth of the urban railway that the industry looks for real prospects of growth. In the first place this is because European and Japanese railways, almost all of which are State or municipality-owned, tend to buy equipment only from their own industries.

In the developing world, where vast new railway networks are planned in countries like Venezuela, Iran, Iraq, Brazil and Mexico, there is relatively little home-manufactured equipment, although Brazil, along with India, South Africa and a number of Eastern bloc countries, is beginning to make its influence felt in parts of the rail export market. Even Korea, through its shipbuilding and motor car manufacturers, has started building rail wagons.

Straddling the two situations is the U.S., which some European railway industry people describe rather unkindly as "a developing country" so far as railway equipment is concerned.

This is clearly nonsense in, say, the field of diesel locomotives, where General Motors can out-produce and under-price almost anyone in the world, but the U.S.'s recent experience in urban railway building has not done its industry's reputation much good. Backed by an 80 per cent federal aid scheme, dozens of U.S. cities are planning metros of one kind or another, but the disastrous performance of equipment designed within the U.S. aerospace industry in one of the first of these, the Bay Area Rapid Transit System in California, opened the gates to the European manufacturers.

The French and the Italians have snatched plum metro car contracts and stimulated accusations that French bids are subsidised by their Government. This accusation is common throughout the world railway industry, but no one has yet produced the required evidence.

Despite the American experience in urban rail design the past decade has been one of steady advance in railway engineering.

Passenger trains of over 125 mph are now common and as the railways tend increasingly to employ computer-based control systems, their impact on the ordinary rail traveller will become greater. Tilting bodyshells for faster cornering, advanced braking and suspension, lighter monocoque body construction and better air conditioning have transformed the quality of inter-city rail travel in the past 10 years and will transform it again during the next ten.

There is less enthusiasm than there was a decade ago for what the British Government calls "advanced ground transport." Some experiments in magnetic levitation, hover-power and linear-motor driven monorails continue, but the general feeling is that for long-distance railways existing concepts will prove fast enough for foreseeable demands and that, using for the most part existing infrastructure, they will be cheaper.

With metros, the American experience has increased the influence of those railway engineers who have always favoured maximum simplicity of design, although there continue to be more radical and bizarre concepts, most prolifically from Japan. For the moment, though, leaner times in many municipal budgets are working in favour of cheaper solutions.

This has brought to the fore the "light railway." This our ancestors would recognise as the electric tram, although it is more usual in today's congested streets to prefer reserved tramway track. Tyneside's "metro" is an example of this type of system but current experiments involving welding British Leyland bus bodies on to railway sub-frames suggest the maximum simplicity approach could have a future on longer distance railway routes, too.

Tools

Faced with a rapid potential growth in export markets, railway equipment manufacturers have had to acquaint themselves rapidly with the tools of modern exporters, which was not always necessary in their predominantly colonial overseas work in the past. They have formed standing national and in some cases international associations to vet and bid for turnkey contracts and they have become more skilled at getting their governments to help them.

Although the vestiges of colonial influence are still an important part of railway exporting (the French dominate French-speaking Africa, Britain's industry exports between 15 and 25 per cent of its goods to South Africa), these are becoming less important than price and quality of manufacture and government-backed credit terms.

All the major railway equipment exporters have used overseas aid to buy in contracts and some, notably Canada and Germany, even go so far as to tie aid programmes to a specific type of railway equipment such as locomotives to fill spare capacity among their manufacturers.

Credit terms also vary widely, with 30 years credit, ten years grace and interest rates as low as 2 per cent not uncommon.

This banding together of manufacturers has also helped the emergence of an identity for the railway industry. Britain is unusual in having a Railway Industry Association operating as a central representative of manufacturers of all types of railway equipment, but even in Britain the domination of the industry by British Rail and BR's own manufacturing subsidiaries is thorough. Although other European railways do not engage in manufacture, the railway companies remain the side of the industry which the public knows and understands.

Part of the problem is the fact that the industry's biggest members are not known primarily for their railway activities. For internationally known companies like Siemens, AEG, Fiat, General Motors, Mitsubishi, Hitachi, GEC and Hawker Siddeley, railway equipment is a small activity and one which has traditionally been cursed with a feast and famine cycle.

There is great excitement within the industry now that the menu for the present feast indicates a more comfortable existence for the rest of the century, although still one involving tough competition.

But at least the manufacturers and the railways now feel that the competition will be increasingly against each other and on more or less even terms, rather than a dying railway fighting off the unstoppable challenge of the road transport industry its engines filled to the brim with cheap and plentiful oil.

How the industry sells

THE RELATIONSHIP between the railway manufacturing industries of the developed world and the emerging railway networks in developing nations is one of the great unsung sagas of the industrial age. Projects around the world now total £8bn with a large proportion from emerging nations. The activities include multi-million pound projects stretching through decades, and they have provided manual and technical jobs in the emergent nations and millions of man-hours of design work in Britain and other advanced countries.

To meet the needs of these long-term and often complex projects, the industrial countries have evolved comprehensive project management teams whose job is to seek out, define, tender for and win major contracts on behalf of component and system manufacturing companies.

Some component companies still prefer to sell their products on a one-off basis, providing a steady if unspectacular source *of work and revenue. Other* manufacturers prefer to enjoy the glory and the greater rewards of a share in major world projects, which only the railway industry project management companies ever have a hope of winning in total.

Many of the international project management teams have their base in national rail companies. In Canada, the Canadian Pacific Consulting Services group has worked on projects for the Turkish State Railways, Mozambique Railways, Western Australian Government Railways and others, basing *its* experience on work done for its Canadian Pacific parent rail company.

In the German Federal Republic, one of the larger consultancies, Deconsult of Frankfurt, has carried out *successfully a range of* international projects in Algeria, Brazil, Iran and Venezuela, drawing on experience of its rail operator and banker parent. The group was formed in 1966 by the Federal German Railways and the Deutsche Bank AG, which are still the only shareholders.

Deconsult provides the all-embracing transport consultancy common to the other bodies linked with national railways, but it also offers detailed technical design work in civil mechanical and electrical and signalling engineering. In so doing it provides a suitable opening for German rail industry manufacturers.

In Britain many railway transport consultancies are based, again, on national public rail utilities. London Transport International Services is the offshoot of London's Underground operators and it specialises in urban rapid transit systems. British Rail operates the Transmark consultancy service.

But it is in the project management organisations outside the national rail networks that the manufacturing heart of the rail industry is to be found. In Britain, the biggest such organisation, with ties with manufacturing industry, is GEC Transportation Projects, based at Borehamwood, Hertfordshire. The company came into existence in 1972 after extensive rationalisation among the major companies of Britain's locomotive builders and electrical suppliers which had formerly served the world's rail networks *on a piecemeal basis.*

The company identifies five major components in main line and suburban electrification, each demanding different disciplines, but all linked in the completed system.

It specialises in electrifica*tion schemes, a main growth* area in world railway markets. Power equipment is called for to connect, convert, control and apply mains electricity. Once the supply is at a suitable voltage and frequency, overhead or rail systems have to be provided to distribute the power to the traction units, via remote control equipment. Wholly-owned GEC companies provide the manufacturing capability for much of the equipment for world projects.

Similarly, the DC or AC electric or diesel electric locomotives, multiple unit trains and railcars may be designed and manufactured by companies within the group.

Equipment for power control and track signalling is essential for all current rail networks. This can involve automatic control of the trains, automatic warning systems, trackside colour light signalling, train identification equipment and track circuits.

Linked with the signalling requirements of many recent electrification schemes are advanced telecommunications systems. These can include telephony, telegraphy, data terminals, mobile radio and closed circuit television.

Ancillary systems which may be fitted as optional extras on the rail networks of a developing country include public address systems, elegant or simply functional lighting, cables for other services and freight handling systems.

The sector of the world railway industries manufacturing equipment, to Saxby, which has computer control and related equipment, is one of the fastest growing, particularly for applications in remote areas.

Specialising

France has at least eight companies specialising in the manufacture of this equipment, ranging from CSEE, which manufactures electronic remote control equipment, cab signalling modules, automatic train stops and marshalling yard *equipment, to Saxby, which has* expertise in centralised traffic control and other automated systems.

The industry in West Germany has in its ranks some of the largest names in the industry, with Siemens and AEG Telefunken providing equipment for rail networks across the world.

The U.S. home market is well supplied with over 20 manufacturers of signal and control equipment, including Bendix and General Electric. In Sweden the market is dominated by Ericsson. Japan has Nippon Signal and Fujitsu among others.

In Britain, 10 companies compete for world markets, with Plessey ML Engineering and Westinghouse among the main *competitors with GEC subsidiary* companies.

For metro, urban and mass transit systems, there are additional requirements, with automatic revenue collection taking pride of place among the new technologies. London Transport is planning a £55m scheme to embrace the entire London Underground with automatic fare collection. Fraud now costs the London Transport £6m yearly and it is hoped that the new system will eliminate all possibility of fraud. The scheme would do away with all manned ticket barriers and is likely to involve a supervisory computer to monitor equipment, warn of faults and collect travel data.

France is one country with experience of automatic fare collection systems. The CGA company of Paris manufactures stand-alone gates with microprocessor control. The systems are in use in Montreal, Paris, Madrid, Sao Paulo and Santiago.

There is likely to be a growing call for automatic fare collection systems, particularly in mass transit systems, where rapid automatic ticket processing is almost essential if the benefits of advanced transport are not to be lost through delays at terminal buildings.

Many member companies within the Railway Industry Association of Britain have achieved success exporting their technology, often in the absence of a suitable home market. The industry in Britain had a turnover of £250m last year, with almost half exported.

Much railway industry equipment has been purpose-designed and built to specifications from overseas customers. Successes include the British contract to design and supply equipment for the 406 km of trunk line *in Taiwan*, now almost completed at a cost of 150m. In Brazil, a modernisation and electrification programme is going ahead under a £150m programme and in Hong Kong there is the £100m mass transit system, designed and built with purpose-built *British systems.*

One of the greatest successes from the 60 factories and 15,000 workers employed at the grass roots in Britain's railway industry has involved a product few passengers ever notice, which costs around 75p each and which contributes to the day-to-day success of railways around the developed and under-developed world.

The product is the Pandrol rail clip, manufactured by the Elastic Rail Spike Company. The company acquired the sole manufacturing rights from a Norwegian State rail engineer in 1959 for the clip. Since then 224m have been made in Britain or under licence around the world for use in 53 countries.

There are six variations on the Pandrol clip design and over 300 different assemblies can be supplied by the company, which won the Queen's Award for Exports in 1974.

A recent contract with Brazil is likely to top £7.5m making it the company's biggest single export contract. The greatest impact of the clip in world markets has been where there has been a change from wooden sleepers to concrete. British Rail has standardised on the Pandrol clip for all its fastenings, and in overseas markets modernisation schemes involving the ousting of wood has given the company a useful opening illustrating how success can be achieved with a simple, readily reproducible product.

Lynton McLain

Europe and North America

THE IMAGE of railways in Europe and North America is not good. Mauled by competition from the motor car and the lorry in the past 20 years, the impression created has been one of over-sized networks, erratic performance, and huge deficits.

Even Japanese National Railways (JNR), where public appeal has been boosted by 14 years' service from the worlds' fastest regular rail passenger service, the Shinkansen "bullet train," has seen traffic turn downwards in the past three years. Beset by poor labour relations, JNR is seeking to close down 50 per cent of its freight marshalling yards.

Some railways are of course worse than others. No railway in Europe suffers from the appalling track maintenance problems of the U.S., for example, where 55 per cent. of last year's astonishing total of *7,858 derailments were caused* by defective track.

Indeed no European railway has anything to match the problems of the U.S., where the establishment of a pair of state-owned rail corporation as in the centre of what is still a *private indstry has done little* to stem the decline of the great American railroad. On U.S. railroads, passenger miles declined 80 per cent between 1947 and 1973 and the network now accounts for a mere 1 per cent of all passenger intercity *travel. The system is still* heavily used by freight, but the railroads's share has come down from about two-thirds in 1947 to 29 per cent (measured in tonnes), compared with the 38 per cent carried by road transport.

In the EEC countries a three-fold increase in private cars in the decade 1963-74, a five-fold increase in motorway mileage and a 30 per cent increase in the number of road goods vehicles have dealt blows to the railways' markets, pushing them from one financial crisis to another.

British Rail now moves less than 20 per cent of the freight ton-miles of goods moved in Britain, compared with the 6 per cent of Dutch railways, 40 per cent in France and 28 per cent in West Germany. These levels have slipped, both in absolute terms and relative to road competition, since the 1973 oil crisis.

Because railways are relatively inflexible in terms of infrastructure costs and heavily *labour-intensive (staff costs* account for between 64 and 88 per cent of total operating costs in EEC railways), their financial position has inevitably deteriorated under these strains.

According to the European Commission's first biennial report on railways published recently, between 1973 and 1975 self-generated revenue for the nine networks increased by 4 per cent as total expenditure rose by 38 per cent. In 1975—the last year for which full comparative figures are available—the railways generated between *36 and 80 per cent of their total* revenue themselves. Deutsche Bundesbahn, the West German railway system, is running an annual deficit of DM12-12bn on top of accumulated debts of DM30bn but is still facing considerable political resistance in pushing through a programme of 9,000 km of new track cuts. According to a German taxpayers' federation report, the luxury of railways is costing the country 6 per cent of its federal budget, or DM400 per taxpayer.

Faced with these pressures, it is perhaps surprising to note growing optimism among many railway administrators. They feel, probably rightly, that they have survived the worst of the competition and that with the growth of environmental considerations in transport matters and their own readier access to electric traction, the next 20 years should see them make up some of the ground lost in the past two decades.

The more obvious signs of this confidence are the ways in which railway engineers are designing for the future. Most of the railways in Europe and America have now comfortably beaten the 125 mph barrier. With radical improvements in braking and suspension technology and tilting bodyshells to permit faster cornering, they are gradually pushing up service *speeds to the point where* rail is again a real competitor with air on journeys over 200 miles.

There are problems in taking speeds higher than this and a number of railways, including those in Britain, Canada and West Germany, possess speed capabilities in terms of locomotive power which they are unable to use in regular service because of other factors in the network, such as signalling capability or the speed of other

CONTINUED ON PAGE VI

Major schemes

BY PAUL TAYLOR

Africa

MOROCCO. In February the Government announced plans for a $1.2bn (£600m) expansion and improvement plan to be completed by 1982.

About $800m is to be spent on a new phosphate link between Marracketch and El-Aaiun. Feasibility studies by an international consortium have begun and are due for completion by 1980.

The Soviet Union is building a new line from Meskala to Essauria to carry phosphates from a Soviet developed mine.

Other major schemes include the electrification of the 120-km Benquerir to Safi line by 1979 and the 861-km Casablanca to Rabat main line by 1980.

LIBYA

Eastern Bloc nations are doing studies for several projects in Libya. The biggest are a 500-km link between Tripoli and Sfax in Tunisia and a 860-km line from Sobhah to Misralah.

ALGERIA. Studies have been completed for new lines from Djebel Onk to Abadala and for a line from Tebessa to Sidi-Bel Abbes. Electrification and rehabilitation projects planned include the 380 km Annaba to Tebessa main line. There are proposals for Algiers and Casablanca light rapid transits.

NIGERIA. A plan to convert Nigerian rail system from three feet six inches to standard gauge with some extensions and completely new rolling stock, is well established out of uncertain status at present.

Modernisation plans include the electrification of the 690 km Port Harcourt to Ajaokuta main line. Proposals are being studied for a Lagos light rapid transit.

TUNISIA. Tenders have been called for the initial system of the planned Tunis rapid transit system. The three-line system is expected to be 30 km long and have 85 articulated cars.

Europe

MANY EUROPEAN cities are extending their metros, but few offer prospects for exporters. An exception is:

GREECE. The Athens metro is at present the subject of a preliminary study by the French consultants Sofretu. The study for the 27km two-line metro is due to be completed in 1979 and work on the project is expected to begin in 1981.

The cost of the whole project, including the extension of an existing electric rail line, is estimated at $860m (£430m) and the Government hopes to see at least part of the metro in operation by 1985.

Latin America

VENEZUELA — A $800m (£400m) contract for the 640km Theodada to San Juan de Los Morros rail link has been awarded to a Canadian and Spanish consortium. But difficulties in the consortium finding a Venezuelan partner have led to speculation that the contract is in jeopardy.

French companies are winning the major contracts for the Caracas metro, whose first line should be complete in 1980.

Other recently announced schemes include plans for a metropolitan railway in Ciudad Guyana to connect with the first section of the Theodad to San Juan de Los Morros main line, and a 65km suburban rail link between Caracas and Maiguelia. The Government plans to expand the rail route length from 175km last year to more than 2,000km by the end of 1979 and 3,700km by 1990.

BRAZIL. The Belo-Horizonte light rapid transit project is probably the most important in Brazil. The $300m (£150m) conversion of an existing 35 km rail line to LRT is likely to be won by the French.

In Rio de Janeiro the first 14 km LRT line is due to open in 1980 with the second line opening in 1983. The total system length is 68 km and 68 vehicles have been ordered for the first phase.

Brazil is also looking at light rapid transit systems as a solution to transport problems in a number of other major cities including Porto Alegre, Salvador and Curitiba.

MEXICO. The Mexico City suburban rail project is the biggest project on the immediate horizon. Tenders are not yet out for the first 81.7 km section of the project which is worth £450m. The full length of the six line system is expected to be 200 km built in three stages at an estimated cost of up to £2bn. Fifteen international groups have prepared outline presentations including a UK consortium led by GEC, and companies from Japan, Canada, Italy, Spain and West Germany.

Other major projects in Mexico include extensions to line three on the Mexico City metro, the electrification of a 270 km Trans Isthmus rail link, a 270 km main line between Mexico City and Queretaro and a 473 km main line between Mexico City and Vera Cruz.

COLOMBIA. The seventh rail plan launched this year includes a $70m improvement plan.

In Bogota surveys are being conducted for a 16 km rapid transit line and there are plans to convert an existing 50 km of track for a transit system. Other projects include a 25 km light rapid transit system or main line in Medellin and a 12 km main line for Correfor Coal. Contracts worth £30m are being finalised with a French consortium for three-car train sets and installation for the 23 km rapid transit system in the Aburra Valley.

ARGENTINA. Track renewal plans for 4,109 km announced in 1!"4 but subsequently delayed because of financial problems. Project scheduled to be completed by 1978/79 at a cost of Arg$ 2.68bn (£1.6bn). Buenos Aires has a metro rehabilitation plan, plans for a 54.7 km extension, preliminary plans for a 6.5 km extension, and a 38.2 km new line.

PUERTO RICO. San Juan. A start on the planned 50 km rapid transit system is expected in 1980 for completion in 1991 at an estimated cost of $931m (£460m).

COSTA RICA. Canadian companies led by Canadian Pacific Consulting Services have signed contracts worth $30m (£15m) for the renewal of the 110 km "banana" line between Limon and Rio Frio. Meanwhile, tenders have been invited for the electrification of the line.

The second major project is the upgrading and re-electrification of the 116 km San Jose to Ountarenas line together with the construction of a new "cement" line from El Roble to Abangares. Transmark have completed a survey and feasibility study for this 58 km line.

PERU. The 38.8 km Lima metro project has been delayed and is now considered a long-term possibility.

The United States

UNITED STATES — Among cities planning urban railway developments are:

Atlanta-Initial—11.4km section of rapid transit system due to start limited operation at end of this year. Further extensions planned with estimated current construction costs of $1bn (£500m) and total costs for full system of $2.1bn (£1bn). One hundred cars ordered from Franco-Belge of France.

Baltimore—Scheduled opening of 12.9 km rapid transit system in 1982 at a cost of $721m (£360m). Plans to call bids for 70 cars next April.

Boston—Improvement plan for ten-line network includes $10.8m (£5m) order for 25 new coaches from Pullman Standard. Total cost of improvements $200m (£100m).

Chicago—A $135.7m (£65m) extension of the Chicago transit network to O'Hare International airport is at the engineering and design stage.

Cleveland—Plan for a 2.88km extension to the 20.96km tranway will cost $27.2m (£13m) and is due for completion in 1981-82.

Detroit—City is expected to choose a rapid transit system from five alternatives, including "low capital" bus scheme under review. Estimated costs for rail alternatives range from $400m to $830m and lengths from 12.4km to 23.3km.

Honolulu—Start expected to be made on initial 22.4km rapid transit system in 1980 or 1981. Planning for the full system is now in final phase at a total cost of between $750m (£375m) and $800m (£400m).

Los Angeles—Decision expected this year on whether to proceed with plans for a 12.8km to 25.6km rapid transit system costing between $650m (£325m) and $1bn (£500m) depending on length. System could be complete by 1986-87.

Miami — Finance agreed through referendum earlier this year for a 33km $795m (£390m) rapid transit plan scheduled to open late 1982. Plans to call bids for 150 cars next April.

New York—Extensions totalling 24.6km planned up until 1993. Present construction of 1.8km extension with planned future expenditure of over $2bn (£1bn). Also plans for modernising Trans-Hudson system.

Philadelphia — Fourteenth station being added to Lindenwood Line at a cost of $4.9m (£2.4m). Two extensions totalling 23.3km and costing $750m (£375m) planned in addition to $34.6m (£17m) contract with Canadian Vickers for 46 cars for delivery by mid-1979.

Pittsburg—Construction likely to start next year on 36.2km light transit system with target completion date in 1982. Stage one is reconstruction of 16.9km tramway route.

The Far East

HONG KONG. Work will begin in October on the HK$4.1bn (£445m) Tsue Wan extension to the Hong Kong Mass Transit Railway. The 10.5 km extension is due for completion in late 1982, about two-and-a-half years after the 15.6 km Modified Initial System begins full operation.

Gammon, the Hong Kong company won the first contract for site clearance work in April and tenders for the first two major civil engineering contracts on the extension are expected to be awarded in October. In February 117 applicants from 16 countries were prequalified as prospective tenderers.

The Tsue Wan extension will start services with six-car trains and 150 cars will be needed in addition to the 210 cars already being delivered for the MIS by Metro-Cammell of Britain.

Hong Kong is also expected to announce shortly authorisation for the electrification and upgrading of the 35 km suburban Kowloon-Canton Railway. Work has already begun on the new 2.4 km double track tunnel between Kowloon Tong and Sha Tin.

SINGAPORE: Study group recommendations for a 44.6 km metro at Singapore are now with the Government. The metro would require 300 coaches.

TAIWAN: UK companies are at present working on a £80m rail electrification project which is due for completion next year.

The project is managed by GEC Transportation Projects with GEC Switchgear providing the power and control systems, GEC-Elliot Process Automation providing monitoring and control systems and GEC Traction which is supplying the fleet of 20 electric locos and 18 five-car electrical multiple units built by the British Rail engineering subsidiary, BREL.

CHINA Remaining eight years of the current 10-year national programme involve construction of six new trunk lines, upgrading of nine existing trunk routes and extensive modernisation of control systems and infrastructure. China ! s ordered computerised marshalling yards control system from Mitsubishi Electric for installation at Fengtaihsi yard near Peking while China provides switching and signalling apparatus. UK railway delegation due in China in October.

KOREA Work on the second metro line in Seoul was started in March. The new 48.8 km loop line will link Seoul's business area with newly developed residential districts south of the Han river. Construction was originally planned to start i 1974 but has been deferred because of financial problems.

Work is also proceeding on further electrification and improvements to the electrified suburban services.

The Middle East

IRAQ. Major modernisation and expansion programme under current development plan (1976-1980). Total investment is about $2bn (£1bn) of which $310m (£155m) is scheduled for this year. Plans include new links with Iraq's Arab neighbours, including Syria.

The construction of two major railway lines was scheduled to begin during the plan; a 40km line from Baghdad to Hsaibah with a link to Akashat and a 250km loop line connecting Mussayeb and Samawa.

Other major projects are also under study and include: construction of a 420km railway from Baghdad to Erbil via Kirkuk with an extension to Mosul and branch line to Khanaqin.

Large wagon contracts are also expected, but are likely to go to Eastern Bloc countries. Following a feasibility study by a consortium of Swiss consultants and Deutsche Eisenbahn Consulting Iraq is also looking at the possibility of a 40km rapid transport system for Bagdad by 2000. Cost is estimated to be $2bn (£1bn).

IRAN: The current five-year plan to 1983 includes a start on the new Bandar Abbas-Bafq line and doubling the track between Esfahan and Bafq, but many other major projects are now being reviewed because of economic slow-down. Double-tracking and electrification projects for the 1,100km Bandar Shapur to Tehran and the 600km Tehran Tabriz lines are likely to be set back along with many other projects in Iran's original plans which included about 10,000 miles of new line.

Transmark, British Rail's international consultancy subsidiary, has a £7m consultancy and design contract on the Tehran to Tabriz line.

Construction work has also started on the Tehran metro, an ambitious 68 km network based on a four-line design by Regie Autonome de Trasports Parisien and the French consultancy Sofretu.

SAUDI ARABIA: The Saudis at present have only one line running from Riyadh to Dahahran where it connects with the port of Dammam. Despite plans for extensive new rail links, including work by several international consultants and the promise of tenders for feasibility studies in the near future, little progress has been made.

Plans call for the construction of a 1,557 km link between Mecca, Medina and the port of Jeddah costing more than $5bn (£2.5bn). A further project plan suggests linking the new port of Jubail with Dammam. Most famous of the plans is the reconstruction of the Hijaz Railway.

Today the project would provide a 1,300 km link between Maan in Jordan, Amman and Damascus via Istanbul. This would connect with the European network.

SYRIA: First major project, the 764 km Lattakia to Kamishli line was opened in 1975, and today, 12 years after the scheme was begun, only some signalling work remains to be installed. The line was built with Soviet finance.

Indian Sub-continent

INDIA: Indian Railways expects to spend Rs 3.3bn (£180m) on new lines totalling 2,200 km. Eleven routes have recently been completed, 14 are under construction and another three planned. Expenditure in the current financial year is expected to be Rs 234m (£12.7m). Surveys have been carried out on a further 64 lines with a total length of 7,412 km.

Work continues on Calcutta's 16.43 km metro line, costing Rs2.5bn. A rapid transit system for Delhi is at the planning stage.

PAKISTAN A Rs 8bn (£436m) development plan was announced in December 1977 for the period 1978-1982. Major items in the plan include the purchase, updating and rebuilding of locos and rolling stock and the extension of the Lahore to Khanewal electrification to Samasatta.

Pakistan Railways plans to spend Rs 347m (£18.0m) to modernise its freight wagon fleet.

Karachi and Lahore both have plans for rapid transit systems.

BANGLADESH: Extensive track and rolling stock modernisation programme is planned, with some work already taking place. Under the terms of the £30m UK tied-aid package UK companies are expected to supply 62 tank wagons, 825 vans r-d 49 hoppers along with workshop equipment and experts to advise on workshop reorganisation.

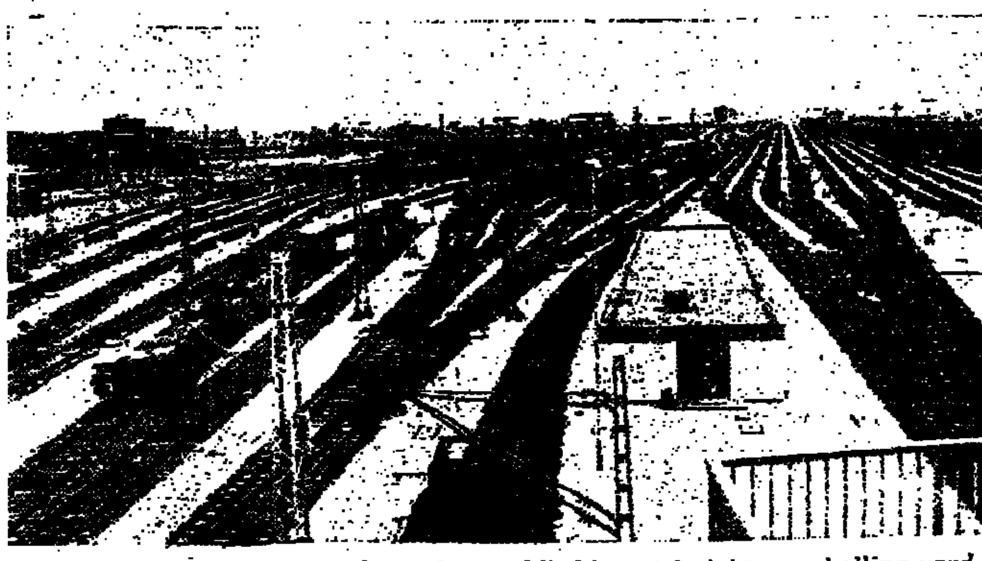
Five lines have been selected for modernisation. Proposals exist for the building of a new line between Khulna and Mongla.

AFGHANISTAN: The political turmoil in Afghanistan following the coup this year has made plans for the construction of a 1,815 rail network even more uncertain.

Hard tussle for freight

RAIL FREIGHT businesses have had a long hard haul in the past 20 years. In spite of bigger rail wagons, more automation and higher speeds, most railways have been unable to compete effectively, even over the longer distances where they excel, with the flexibility, personal service and lower cost of the lorry.

In seeking to reply to this competition, railways are saddled with many disadvantages. They have high fixed costs, can only operate from siding to siding (unless they use lorries for transhipment, as in Freightliner-type container services) and they face enormous problems in trans-boundary movements because of incompatibilities of tariff systems, operational methods, language and even loading gauges.



Maschen, near Hamburg, where the world's biggest freight marshalling yard is under construction for the German Federal Railways.

On the first of these problems there is a limit to what the railways themselves can do, short of persuading governments to stack the odds in their favour in terms of taxation or investment. According to British Rail a 22-tonne capacity lorry is cheaper than a comparable rail vehicle on journeys up to well over 400 miles.

In the longer term rising oil prices are likely to work in favour of railways, with their lower energy costs, and perhaps too the railways will achieve the improvements in productivity which existing control technology has already brought within their reach. With staff costs accounting for well over 60 per cent of European railways' operating expenses, change cannot be achieved without better manning practices.

When it comes to operational matters railways have developed the technology, but in many cases have fallen down on marketing. Once again the flexibility of the lorry in meeting a customer's specific requirements is hard to compete with.

For the most part railways have retreated into the job they do best, moving large flows of bulk materials such as coal, grain, aggregates and petroleum over long distances and often between fixed points in single block trains. About 80 per cent of Britain's railfreight now moves in this form and heavy, long-distance freight hauls of grain in North America retain an essential place in their countries' economies. Conveyor belt type technology with automatic loading and discharge is well established and successful.

Pipeline

Even here, however, railways face growing competition from the pipeline. In France pipeline traffic increased in the 12 years to 1975 more than sevenfold to 31bn tonnes-kms, almost half the volume of rail freight, and there was similar dramatic expansion elsewhere. In the U.S. the railways are fighting legislation to ease land acquisition for pipeline construction because of fears that further inroads will be made into their coal traffic, which generates 20 per cent of their business. The liquefaction of bulk substances could pose a serious threat to many rail operations in the longer term.

But for the moment the big area of challenge for railways is in the movement of components and finished goods for industry and in capturing a bigger share of bulk and semi-bulk traffics in the food and chemical industries.

One way railways can cope with the diverse flow of smaller quantities of industrial goods is containerisation, and steady progress has been made since British Rail introduced this concept to railways in the early 1960s. Intercontainer, the European consortium which handles international container movements, achieved record results last year, although the 577,641 20 foot equivalent units is still a minute fraction of total rail movements.

Meanwhile, in Japan, freightliner trains are to be reduced by 12 per cent after a tail-down in traffic, possibly caused by Japan National Railway's failure to adopt international standards of container size, which have prevented the capture of direct deep sea container flows in the way that the British Freightliners company has. Failure to standardise is at the root of many of international rail freight's most difficult problems.

There is no doubt though that where railways can offer reliable, direct trunking for containers at a competitive price, shippers are prepared to use rail. The Trans-Siberian container landbridge, offering what its opponents argue to be subsidised rates, now carries about 20 per cent of the goods moved between Japan and Europe.

The biggest problem for international movement of railway wagons outside of block trains is the need to marshal them as they cross boundaries for differing destinations. While it has proved possible in a small island like Britain to dispense almost with the marshalling yard, other European railways have invested huge sums in automatic wagon selection and train formation. Deutsche Bundesbahn is constructing a network of such automated yards and its installation now being built at Maschen, near Hamburg, at a cost of £200m will be the largest marshalling yard in the world.

For Britain, of course, the future of its part in international rail freight will turn on the success of its present efforts to justify a rail-only Channel Tunnel. Until then it is limited to rail ferries and roll-on roll-off wagons, which in spite of improved timetabling still take three days to get from London to Milan and will probably be marshalled three times on the way.

Another feature of mainland European and North American rail freight from which British Rail is excluded (because of its lighter loading gauge) is the piggy-back, lorry-aboard-train system, which hauliers have increasingly accepted, mainly because of restrictions on entry permits for heavy lorries to virtually all European countries. The European Commission has suggested exempting this part of rail freight from the general requirement that all freight must cover its costs and has even considered setting up an international company to buy wagons and hire them out to operating companies. Piggy-back loadings were up 12.4 per cent in the U.S. last year and represent about 7 per cent of all freight car loadings.

The principle of mixing private and public enterprise in railways is one which works well in most countries, although it has been relatively neglected in Britain because British Rail's own subsidiary, British Rail Engineering, dominates the wagon and locomotive manufacturing industry. Even so, over 30 per cent of Britain's rail freight travels in privately-owned wagons and there has been recent growth in the rail car leasing industry, with the advent of UK subsidiaries such as Procor UK and Tiger Leasing (UK) from the U.S. and the establishment of a leasing operation within the long-established UK wagon builder, Standard Railway Wagon. These companies and others in private railway industry are having to fight hard, however, for a share in the exports Britain's overseas aid programme is winning and even harder for the principle that British Rail should put all its own equipment contracts out to open tender.

The main pressures on freight wagon builders are to design for the higher speeds which the modern passenger railway is increasingly demanding and which is gradually improving the quality of service offered to the rail freight customer. Wagon capacities have increased at the same time, lowering unit costs, and real-time computer systems have given railways detailed and rapid control of every wagon in their systems.

Railways in the developing world are able to take advantage of these improvements and although there has been a reduction in some plans for new ore railways, a resurgence in raw materials markets should re-establish the validity of many projects.

Ian Hargreaves

Urban networks expanding

THE RECENT history of most long-distance railways has been one of declining traffic and dogged pursuit of modifications to existing technology rather than dramatic new systems, but the same cannot be said of urban railways.

The city centre commuter rail networks, many of them underground, have been forced to expand, re-design and re-invest to meet the demands of the world's rapidly growing urban population whose cities are unable to cope with the number of motor cars which that population possesses.

It is in this area of the rapid transit railway where elevated track, hoverpower, driverless trains and many other bright ideas have been and indeed, still are being, most assiduously pursued.

Because design criteria are necessarily more taxing for railways in densely populated areas, because systems are shorter and because the city metro is also a proper subject for the powerful influence of civic pride, there has been scope for a wide variety of concepts aimed at fulfilling the urban railway engineer's dream of minimal maintenance, creating a system which offers as near as possible perpetual motion.

Between 150 and 190 cities are now reported to be either considering, actively planning, building or extending such metros, although the number of new starts is unlikely in practice to amount to more than a trickle for the rest of this century.

Inevitably, a market which attracts rival technologies in a fiercely competitive international market has generated controversy. This has focused principally on the U.S., where a policy of large federal subsidies for rapid transit has, since 1964, allowed the pace of the industry to quicken.

The problems which emerged are well known. U.S. aerospace companies like Boeing and Rohr suffering from declining airframe work with the end of the Vietnam war, spotted the prospects of railway growth and decided to diversify into mass transit rail car manufacture. The result was overcapacity, cut-throat tendering and three car manufacturers went out of business.

To make matters worse, the U.S.'s first new urban railway this century, the Bay Area Rapid Transit System in San Francisco, built to aerospace designers principles, proved too unreliable and unpopular. The traditional manufacturers, like Pullman Standard in America, and others in Europe rubbed their hands and said it proved

CONTINUED ON NEXT PAGE

WORLD RAILWAYS V

Electrification plans

ɔR RAILWAYS in many parts the world, electrification is e subject of the moment. For e railway industry it is the y to growth and prosperity r the rest of this century.

For railways in the develop- g world, the choice of electric ther than diesel power com- ends itself for reasons of erational efficiency and, where affic trends are strong enough, cause it is cheaper.

In addition, where new rail- ay lines are being constructed, e extra initial capital outlay r an electric power system is t too significant.

Some of these factors also ply to those railways in urope and North America not tensively electrified but for ilway administrators in these untries, there is a more im- rtant attraction. This is the vious implication that a poli- al decision in favour of large- ale electrfication is also a vote confidence in a growing role r rail into the next century.

At present the situation ries widely. Railways most avily committed to elec- lc traction are those in moun- inous European countries with cess to relatively cheap hydro- ectric power and those stems so badly damaged in the 39-45 world war that they have fectively been reconstructed.

Ninety-nine per cent of Swiss ilways are electric, 62 per cent Swedish, 48 per cent of alian, 40 per cent of Japanese, per cent of West German, 27 er cent of French and 20 per nt of British.

Countries which possessed lentiful supplies of coal for eam power, and then of cheap nported oil for diesel propul- on, have been left with hybrid stems and the need to face ig investment decisions based n energy forecasts for the rest f this century. These include rance, West Germany, Britain id both Canada and the U.S., though there are numerous her complications based on e greater distances involved r these last two.

Governments have so far sponded in different ways. France and West Germany, where Government commitment to rail has not been lost in quite the way it has been at various periods in post-war Britain, there has been a steady piece-by-piece approach, with the result that even some secondary lines are now contenders for electrification investment.

In Canada there have been studies, but even the railway administrators believe that the vast distances between workshop and repair points, the trans-continental routes and the need to tread softly at a time of railway financial losses all rule out any early change in policy. Mr. Peter Detmold, chairman of the Canadian Railway Advisory Committee and a special consultant to Canadian Pacific, recently advocated the development of an experimental Canadian diesel-electric locomotive using AC rather than DC transmission as "a major step in the direction of producing electric locomotives" should Canada ever go for electric traction. Clearly big changes are a long way off.

In the U.S., railway electrification is a subject causing utter confusion, which is hardly surprising in view of the parallel confusion in that country's eneegy policy following the failure earlier this year of Prisident Carter's energy policy initiative and a similar state of uncertainty about railroading in general.

Pioneer

The U.S. was in fact a pioneer of electric railways, but cheap oil and a railway equipment industry heavily committed to diesel traction have put the U.S. close to the bottom of any current league table of electrification.

There have been signs recently of a change in attitude following a number of consultancy reports arguing that with federal help for the initial capital costs and permission to increase freight rates, many railroad companies would be able economically to justify major electrification schemes.

So far, the main concrete result has been a decision for Amtrak, the federal rail passenger authority, to electrify line between New Haven and Boston and for Conrail, formed out of six bankrupt railroads in 1973, to examine a big electrification plan between Harrison and Pittsburgh, Pennsylvania, with the prospect of a possible $200m federal grant to help out. On a smaller scale, the U.S. Department of Transportation announced earlier this month that it will electrify 15.8 miles of test track in Colorado to try out various equipment systems. This project relates directly to the upgrading of the Boston-Washington North-East corridor, one of the few long distance electric lines in the U.S.

Inevitably, though, the enthusiasm of the would-be electrifiers runs up against the problem of cash. With Amtrak alone losing $483m last year and hefty deficits on virtually every railway system in the developed world, the financial case against electrification is simple enough.

It is frequently claimed by railwaymen, however, that in straightforward investment return terms, electrification can make sense. A figure of 20 per cent is often quoted and this is the level of return, for example, expected from the 406-km electrification project due for completion next year in Taiwan.

This very acceptable pay-back is made possible by the greater speeds, heavier loads and lower maintenance levels possible with an electric system. Taiwan says it will be able to increase passenger trains from 12 coaches (420 tonnes) to 15 coaches (525 tonnes) and freight train weights by 33 per cent. Speeds will increase from a maximum 95 kmh to 110 kmh, giving big cuts in journey times, better stock utilisation—and, it is hoped, more business.

This type of justification is satisfactory for a railway like Taiwan, one of the busiest in the world and a railway where most passengers have little alternative to rail travel, but justification is harder on European railways where passenger business is improving only very slightly and where freight traffic continues to fall.

British Rail exemplifies this conundrum and has recently attempted to lay its cards on the table in a document which will form the basis of a joint Government-BR investigation of railway electrification.

BR accepts in its paper that under UK Treasury test discount principles, using discounted cash flow techniques, it cannot justify any big electrification projects. Mr. Ian Campbell, the railways' chief executive, makes the point, however, that the construction of the network in the 19th century would iself have been impossible, judged by the same principles.

Judgment

What BR wants is a leap of judgment in energy forecasting by the Government, based upon the idea that oil power will be two or three times more expensive than electricity by the year 2000 and that it will be desirable from the point of the view of the national economy to have an electrified railway able to draw power from non-fossil fuel sources at a time when other interests will be competing for scarce oil-based products.

From this point, BR goes on to postulate three alternative electrification strategies, ranging from 370 to 2,970 route miles at a cost of between £60m and £520m.

The Government's response, when it comes, must be inseperable from its more general energy strategy which, given the still considerable uncertainties in forecasts, could be some distance away. It will be surprising in practice if the piecemeal approach of the past is not continued, albeit with some earnest of good intentions about the longer term.

This would not suit the British railway equipment industry which, like its counterparts in Europe and America, has suffered often enough in the past from the feasts of major modernisation programmes and the famine of years when mounting railway losses have brought down Government clamps on railway spending.

Britain's railway industry, although it has won some useful export electrification projects in the Far East and South America, believes it has suffered relative to those in, for example, Japan and Sweden by not having a constant workload to provide lower series production costs and a fixed corps of skilled manpower.

There is no doubt that railway equipment manufacturers with solid work bases at home and the incentive to keep abreast of technological improvements in such areas as power conservation through regenerative braking will be well placed to take the business.

For the developing countries, the economics of electrification are self-evidently right. One of the next schemes authorised will probably be that in Costa Rica, where a Canadian consortium is already working on a $30m contract for structural improvements to the country's main freight lines, which are to be electrified.

This railway is vital for the export of Costa Rica's bananas and for services to a large cement plant on the country's west coast. Costa Rica wants to double its exports of bananas and cut by 50 per cent the time the fruit is kept waiting in wagons at the port of Limon. Higher speeds and capacities of electric trains will do the job.

This is what British Rail used to describe as the "sparks effect" of electrification in attracting new business to the railway through higher speeds. Ironically, because of the excellent performance of BR's 125-mph diesel-powered, high-speed train (it has led to a 35 per cent increase in passenger business in less than two years on the railway's Western Region), this argument can no longer form part of its own appeal to Government.

I.H.

Networks

CONTINUED FROM PREVIOUS PAGE

at railwaymen knew best out railways.

The upshot is that two camps ve emerged within the dustry: the "keep it simple" oup, to which most of the uropean manufacturers belong, d the bulk of U.S. and panese industries which, though now emphatically ating their awareness of the ngers of over-design, are still oducing more adventurous ncepts and taking more risks. Even the simple, or conven- onal, systems vary con- derably, however. Perhaps e simplest is the kind of heme undertaken in Liverpool Birmingham, where existing itish Rail links in city centres ve been extended, with the dition of new tunnels, and rned into a hybrid metro and burban railway. The forma- n of powerful passenger nsport executives in the etropolitan counties in the 74 re-organisation of local vernment has been an impor- t factor in marshalling the cessary funds.

One stage further than this the type of railway being lt at Tyne and Wear in this untry, where purpose- igned vehicles from Metro- mmell will run on a mixture old and new steel track. s, Britain's first "light rail- y," sometimes called the upertram" because of its lity to turn, if desired, into street tramways, is very much the British railway's industry's showcase.

The Hong Kong rapid transit system, for which Britain is supplying most of the hardware, is a fully fledged metro, but one which has also been designed around well-proven components. It is interesting that one of Britain's few obviously radical ideas, the overhead hover-powered Pendair system, for which MacAlpine is currently seeking EEC development funds, boasts emphatically that it is based upon tried and tested technology.

Occupying middle ground is France which, along with Japan and Britain, is the most succesful exported or rapid transit equipment. The Paris Metro, still the subject of extensive and costly extension and improvement, runs on rubber wheels and is more heavily automated than, say, the London underground. The success of French transit car manufacturers in North, Central and Southern America owe much to the reputation of this railway.

The Japanese, like the Americans designing principally to the specifications of their own cities (only about 10 per cent of Japan's rail cars have been exported in recent years) have produced a much greater variety of solutions.

Osaka, for example, will have a driverless vehicle which looks more like a bus than a train, but which runs on a concrete bed and is powered by a single ground rail. Kobe will have a system designed jointly by Mitsubishi, Kawasaki and Kobe Steel involving a vehicle with four rubber ground wheels and four rubber guide wheels, again on concrete. This will cost $145m, which is reckoned to be less than half the cost of a conventional rapid transit. When Osaka went out to tender, seven entirely different systems were proposed.

Big range

So it is not surprising that when the railway equipment manufacturers of France, Germany, Britain, Canada, Japan and the U.S. meet in open competition in a third market, such as South America, the range of options for the customer is enormous and the prices equally varied. Hong Kong had 117 applicants from 16 countries for its metro contract.

Ironically for the Americans, the U.S. has itself become an export target for the others—an unusual feature in the railway industry where virtualy all the major railway countries buy only domestic equipment.

The opening of the U.S. market was caused not only by the failures of domestic manufacturers, but by the terms of federal grants which insist that each city selects the lowest bider for a contract. In 1976, 372 out of 552 transit and commuter cars bought in the U.S. were foreign and a major outcry followed the successful bids by Breda of Italy for a Cleveland contract and of Societe Franco-Belge for an even larger deal in Atlanta.

With the federal Urban Mass Transport Authority investigating foreign penetration of the American market and Jim McDivitt, President of Pullman-Standard, leading a campaign against foreign manufacturers, the view of many European rail transit car manufacturers is that the market will close up. In any case, the rate of spending has slowed down as many schemes have been simplified in the wake of the BART debacle. No one really expects the U.S. Government to go on putting up 80 per cent of the cost of rapid transit schemes and allowing foreign companies to take the plum contracts.

If the U.S. market does swing back towards domestic equipment suppliers and the existing pattern of France and Britain doing best in areas of former or present colonial influence continues, the only areas of open battle will be Central and South America and the Middle East. The Mexico suburban rail plan, which could be worth $2bn, is the one that everyone would like to win, but where the French start favourites having already constructed the Mexico City metro, to a rubber-wheeled design.

Getting in first is crucial in railway exporting, because systems and even stock last a long time. It is not easy for a city or country to switch to entirely new designs once a system has been selected.

In transport terms, there is absolutely no doubt that urban railways have a big future. Invariably electric, they are well placed to deal with changes in energy patterns, and although reserved track systems, especially those involving tunnels, are costly, reserved track has proved itself to be the best way of permitting efficient mass transit without punitive measures against the motor car which public opinion will not permit. Buses, in spite of traffic management policies, are getting slower in most capital cities.

But for the railway industry, still, in spite of the railway boom, subject to overcapacity, especially in parts of the German, Canadian and Australian industries, the sharpness of the competition ensures that there are going to be no easy pickings.

I.H.

Consultants' skills in growing demand

THE TRADITIONAL railway building skills of Britain and the resurgence of rail programmes in developing countries have been important factors in the success of the country's many consultants who cover a spectrum of work in the electrical, civil and mechanical engineering fields.

However, since many of the developing countries now building and renewing their railway systems have little in the way of administrative services or experience, consultants have been required to provide multi-disciplinary assistance, ranging from preliminary studies to staff training and economic planning.

International competition in the consultancy field has been strong, however, and British companies have seen the capabilities of French, German, Japanese and Canadian companies improving rapidly in recent years.

But the more rapid pace of development in Third World countries, linked with the oil crisis which has made railways more economic in relative terms, has created a range of projects in Africa, Latin America and the Middle East which provides a considerable reservoir of work.

But the ability of developing countries, particularly in Africa and Latin America, is severely limited by their economic problems and the rapidly rising cost of railway work. Even in the Middle East, where enormous rail development is planned, a number of projects has been delayed because of cost problems.

Although most British consultants work closely with both British Rail and the private sector railway equipment suppliers, Transmark, BR's consultancy offshoot, clearly has a considerable advantage in having a pool of around 2,000 British Rail employees who are able to work directly for Transmark when necessary.

As Transmark's managing director, Mr. K. V. Smith, says: "We obviously have a monopoly on certain information, such as how to maintain a railway track, because we are the only people in Britain who do it. But most of this information is available and the private consultancy firms have the advantage of greater design capacity than we have."

Claim

Transmark, however, has the advantage (being a State-owned company) when participating in government-to-government deals, although some independent British consultants claim that only they can give a completely unbiased view of what equipment is suitable for a project.

In Britain there are perhaps seven or eight consultants who can offer a full range of services on the development of rail systems, although many others have more specialised expertise, and many have a slight advantage over Transmark in that they have long experience in overseas countries.

Transmark, which was established in 1969, is working hard to build up this kind of experience, which is no doubt helped by its joint activities with British or other European consultants. Surprisingly, the U.S. has become an important market for Transmark and it is currently doing work for Amtrak and the Federal Railway Administration and the BR chairman, Sir Peter Parker, is due to visit the U.S. in September.

Transmark's involvement in the Far East has also been successful since its feasibility study on the Kowloon-Canton Railway's $1.4bn modernisation and expansion programme, designed to meet the increasing traffic of workers from new housing in the new territories. This has been accepted and will now be put out to tender, with Transmark likely to be involved for another three to four years as project managers.

One of the bigger undertakings of Transmark has been the modernisation and electrification of railways in Brazil in co-operation with the General Electric Company, although this has been beset with delays because of the Brazilian decision to switch much of the work from one rail sector to another.

Transmark is also working with the British consultants Henderson Hughes and Busby (HHB) in Iran on the modernisation and electrification of the Tehran-to-Tabriz line, following a trade protocol signed with the British Government in 1974. Transmark is the main consultant on the project and HHB was appointed as part of the Transmark team with special responsibility for mapping, route location and detailed design both of the alterations to the existing track and also for the direct new route.

The design teams are drawing on the research and knowledge provided by British Railways, and Transmark believes that this rail technology has been boosted to a high degree of expertise by its research establishment at Derby.

Systems

Aside from the electrification and modernisation of major railways, there has also been great demand in recent years for consultancy services covering rapid transit, urban transit, tramways and other systems, and British consultants have developed their expertise in these areas.

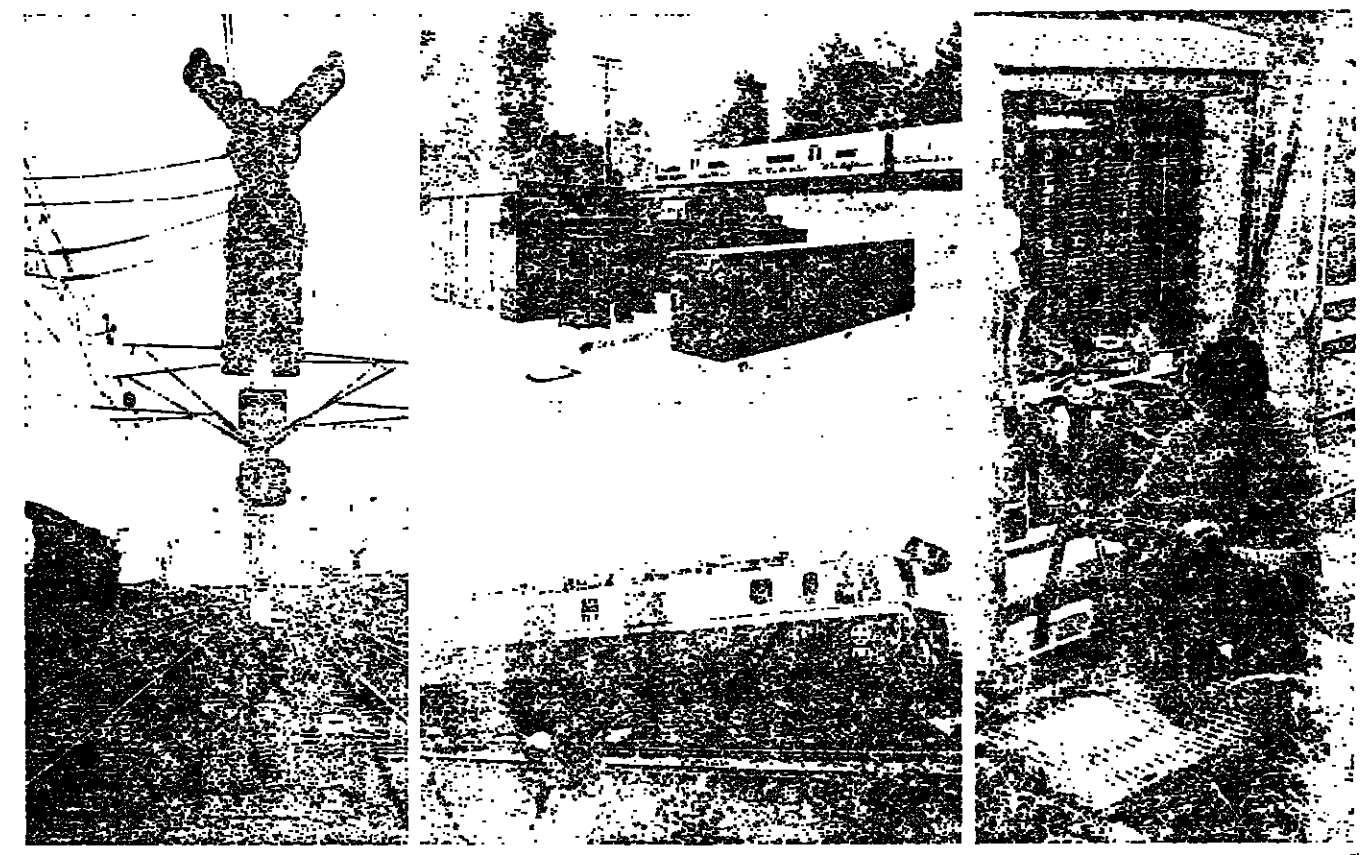
They are able to provide a range of services covering motive power, current collection, power supply, signalling, track and structures. Feasibility studies are normally carried out to determine that solutions are technically available to enable any particular line to be electrified to suit prevailing conditions, to establish budgetary capital and operating costs, and to make recommendations for the most economical system.

Preliminary design work enables a more accurate assessment of overall project costs to be established before moving on to formal contract drawings and the procurement of materials, again under the control of the consultant.

On construction services the consultant will also provide a complete service covering selection of contractors, evaluation of bids, recommendations for the award of contracts, construction inspection and assistance with acceptance tests.

In the operation phase consultants can prepare operating instructions and maintenance manuals, arrange training programmes and if necessary provide complete management resources capable of accepting complete responsibility for the planning, co-ordination and completion of the project.

Lorne Barling



Europe

CONTINUED FROM PAGE 11

trains. But there is no doubt that the railways have taken a qualitative leap forward of great significance with the new generation of passenger trains and that the policy is paying in terms of improved passenger traffic.

Computers and electronics have also produced considerable advances in everything from locomotive design to automatic fare collection and advanced signalling and control systems. Technologically the railways now have the ability to reduce manpower levels substantially, but political problems in most countries have restricted change.

But other political factors are working in favour of railways. Among the Common Market countries, the main developments have been moves to control more tightly the lorry driver's day—and the imposition of the 450 km driving day in Britain will certainly improve railway competitiveness in freight. More significant, though, are the stirrings among central European governments in favour of transit taxes on heavy lorries using their countries for the busy Europe-Turkey-Middle East trip. Austria, amid outcries from the road industry, has already imposed a substantial tax penalty, and despite European Commission frowns there are indications that West Germany might favour some similar move.

The railways also have much to offer in terms of safety—British Rail says it causes 70 times fewer serious injuries per passenger mile than the private car—and in terms of lower environmental interference.

Governments, though, do not behave consistently towards railways. Most systems have suffered from interference on pricing policies and in the U.S. recently, following a small spate of serious derailments of dangerous goods wagons, the Administration has responded not by producing cash to enable near bankrupt companies to upgrade their infrastructure, but simply by strengthening the inspectorate to catch and fine offenders.

In the U.S., federal railroad policy is only evolving slowly after generations of neglect. Amtrak and Conrail, the two publicly owned organisations responsible in turn for national passenger services and running the business of seven defunct companies in the north east, have made some useful operational improvements, but at a higher cost than originally expected. Amtrak's empire has recently been cut by 30 per cent in order to curtail losses and Conrail expects to lose $35m in the next five years instead of making the $1bn profit originally intended.

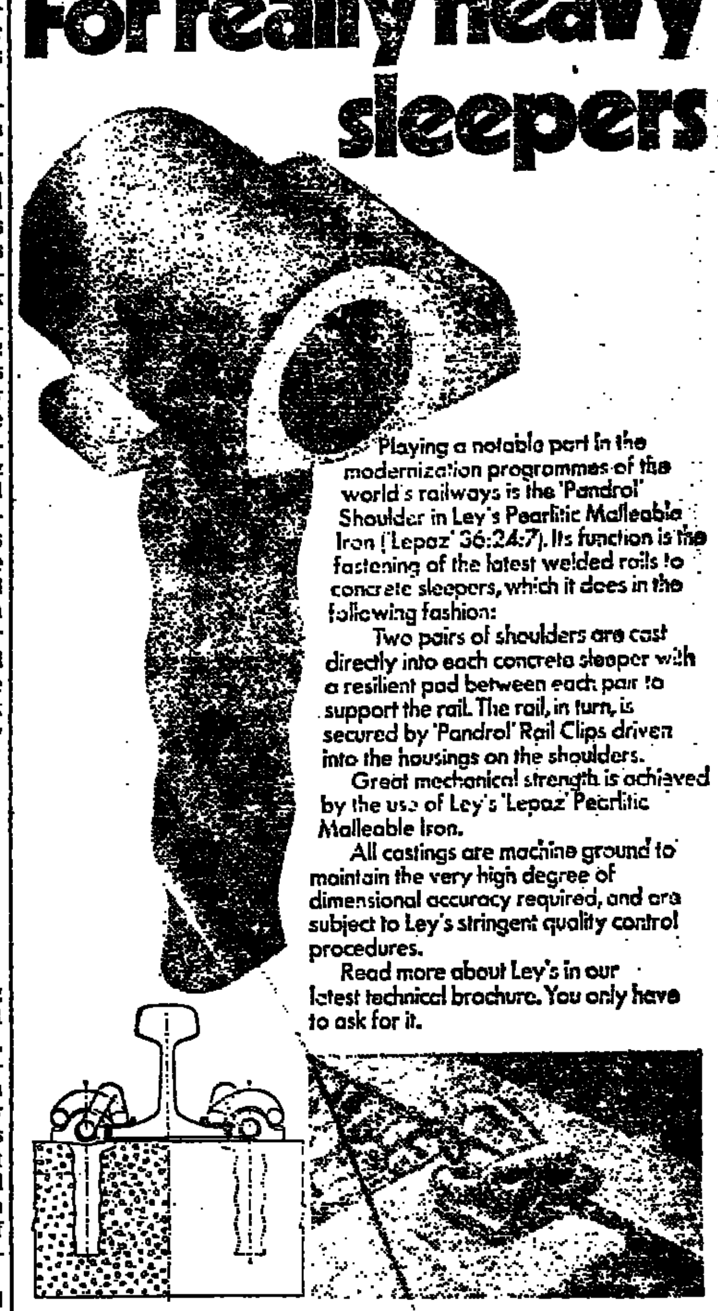
In Canada, which runs rival public and private companies in Canadian National and Canadian Pacific, the Government last year set up a new central agency, Via Rail, to organise passenger services to Transport Department specifications, but with the existing railways' equipment. Faster trains are being introduced, with the aim of stemming the switch to motor-cars, which now account for 92 per cent of inter-city traffic over distances up to 500 miles. Via Rail is in effect Canada's Amtrak and its goal is similar — to cut losses which reached $226m in 1976 and rationalise services.

In Europe no such dramatic policy developments are called for from governments. Rather it is a case of continuing the old task of balancing subsidies with the need to promote efficiency on the rails and balancing the desire to interfere on political grounds with the need to permit the railways to operate commercially.

At the international level the EEC is keenly interested in promoting co-operation in improving international transits. So far, however, it has not got much further than registering the very great difficulty of making financial and commercial comparisons between the national railways. There is pressure from Britain and France that its first big railway investment act should be to back the scaled-down Channel Tunnel project now on the railway's drawing board.

Most of the railways should know from experience, however, that it is unwise to rely too heavily on either political machination or political penalisation of competition for their own advances. There is much to be accomplished simply in terms of better management and better products. At least the atmosphere is now right for the railways to use any improvement they achieve in performance as a lever for greater government commitment in terms of investment.

I.H.



The Management Page

EDITED BY CHRISTOPHER LORENZ

Where success means shared profits and an open book

By Jason Crisp

"THE TROUBLE with having an open style of management," muttered Nick Schofield in mock anger as he cruised around the crowded car park at the back of his Croydon office, "is that any one thinks he can steal your parking space."

Schofield is managing director of the UK arm of CMG, a young, fast-growing computer consultancy which has an unusual style of management. Another aspect is that any of the 400 or so staff inquisitive about Schofield's salary can discover it by merely opening a filing cabinet. Not just his, for all salaries—and filing cabinets—are open to inspection.

An "open salaries" policy may not be unique to CMG in Britain—although it is pretty rare—but when the company started a subsidiary in Belgium it was so unheard of that a cloud of academics descended upon the firm to marvel at this strange English custom.

Founded in 1964 by three young men working out of the basement of one of their homes, CMG had a turnover of £8.5m in the year ending May, 1978. Schofield, who joined the company two years after its founding, says the target is to sustain a 30 per cent per annum growth, in real terms. It talks of going public in 1982.

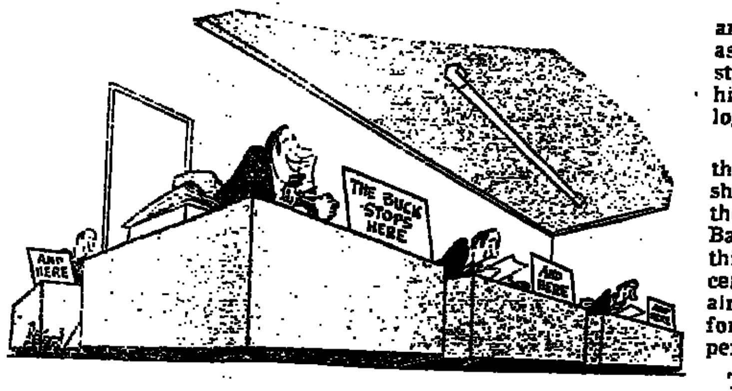
As is the way with private companies, declared profits have not been very high—this year's pre-tax level was 3 per cent of turnover. But as is also the way with private companies hoping to make a public offering, these are increasing. Next year Schofield expects to be able to declare a 4 per cent pre-tax profit on a forecast turnover of £12.5m, and he says the company is aiming to show a 7 per cent rate by 1982.

One advantage of being a new company in one of the world's biggest growth industries is that it offers scope for new management ideas some of which would be very difficult to introduce into a well-established organisation.

Of course, it is open to debate whether CMG has succeeded because of its unusual management style, or whether it is the growth which has sustained the style. In reply Schofield notes, rather smugly, that a number of CMG's competitors with conventional management techniques have ended up in the arms of the NEB: something which to him would be beneath contempt.

From the beginning the company has run a profit-sharing scheme, and it has attempted to maintain the informal nature which was inevitable in the very early days.

A central part of CMG's management philosophy is to keep the operating units small. The company has found that once a unit has grown to about 80 or 100 people communications start to breakdown. And on two occasions when it has reached 120 it has found a marked rise in dissatisfaction among staff, and people started leaving.



What is particularly striking about the company is the openness of its organisation and, to a lesser extent, the degree of democracy. Within each of the ten companies which make up CMG there is a monthly staff meeting at which a summary of the monthly accounts for that particular company and the group are presented. Staff can, if so inclined, inspect the full accounts of their own or of any other subsidiary.

Asked if he was not worried that competitors would be keen to see these monthly accounts, and was not worried about confidentiality, Schofield replied with a broad smile: "We quite like the competition to know how well we are doing." The only information which is confidential within CMG is that which belongs to a client, plus certain personal staff information.

Four times a year there is a two-day management meeting, usually in Hove, so that all levels of management can thrash out a wide range of subjects, ranging from marketing and training, to the annual formulation of managers' pay. The junior level of management will have met with its staff before the meeting and can raise any of their problems as well.

Overall strategy for the company is determined at group policy meetings held by senior management after the more general meeting. Group Policy Meetings, GPM—computer men have an acronym for everything—are attended by the top two of CMG's three tiers of management: group directors, subsidiary managing directors and associate directors. The "Executive committee"—which is effectively the group board, meets monthly.

Compared with many other companies, then, a lot of time is spent on meetings and discussions. The declared object is to give as many people as much say in the company as possible. Inevitably the power and the final decision-making lies with the group board and ultimately with the three founding members, who still have a controlling interest. Schofield makes the point that although they have theoretical control, they would be unlikely to go against the general wishes which would have come up through the company.

All CMG managers are promoted from within, largely because it is felt that anyone from the outside would not understand the way the company is run. This rule is adhered to, even if it means limiting expansion, says Schofield.

With a company aiming at a real growth of 30 per cent per annum, it means staff can expect to be promoted on average within 3-4 years. When at one stage expansion was running at 70 per cent, management resources became overstretched. Even at the current level of growth, things can be very demanding on the managers and the company admits there has been the occasional difficulty as a new manager struggled to find his feet.

But although the chances of promotion within the company are good and there is a risk of over-promotion, CMG will demote, too. The idea is that demotion does not imply disgrace, but that if somebody has been put into too deep water then it helps neither him nor the company to stay in that job. Of about 10 who have been demoted, around half have remarkably stayed on at CMG: indeed, several were re-promoted successfully a few years later.

Staff turnover of 10 per cent may be seen as quite reasonable, especially as the staff are young, well educated, bright and upwardly mobile in a competitive and growing industry. As much as its open and participative style of management, CMG's high wages may help promote loyalty.

In addition to boasting higher than average wages, a profit-sharing scheme offers an across-the-board percentage of salary. Based on group performance, this year it amounts to 6½ per cent for all employees. The aim, according to Schofield, is for this eventually to reach 10 per cent of salary.

There is also a share-buying scheme which once a year gives employees a chance to buy a stake in the company. Originally such purchases were limited to employees with a stated maximum of purchases of no more than 20 per cent of salary. As it happened, such limitations were unnecessary, since no one was inclined to spend one-fifth of their salary on shares. Now the criteria have been broadened. An employee is no longer required to sell his shares on leaving the company and relatives are also permitted to make purchases.

In spite of the encouragement to buy shares, the staff stake in CMG is only 19 per cent. Schofield gives the impression that this is probably less than the founders of the company might have hoped.

It is not easy to assess the effectiveness of CMG's management methods. It is not a management technique which could be imprinted on an established firm; it could only succeed in a new and growing organisation.

The usual criticism of the company's style is that it will not withstand growth; the larger it gets the more diluted will become its informal and open management methods, and the more it will revert to conventional means. That doubt still stands, in spite of the fact that CMG likes to point out it has sustained the style through several years of growth since the criticism was first voiced.

Another question has to be asked of this apparently admirable management technique. What happens when it loses the natural advantages of being a young, skilled team in a growth industry?

The French bring a touch of class to the holiday camp

THE NEW dynamism of French management, which has been responsible for France's rapid ascent to the No. 2 slot of the European industrial league, has been eloquently underlined this month by Peugeot-Citroen's bid to take over Chrysler's European operations. But the motor industry is by no means the only area in which French managerial skills and inventiveness have shown themselves to be equal, if not superior, to those in other leading industrialised nations.

For instance, the French have one of the most original and successful leisure companies in the world—the Club Mediterranee—which, since it was founded in 1950 has spread its tentacles from the Mediterranean to Africa, the South Seas and the Far East.

Though the French did not pioneer holiday camps and villages—that honour must go to Britain's Billy Butlin—they have certainly improved the original formula out of all recognition. The brainchild of Gerard Blitz, an Antwerp diamond - cutter and former Belgian water-polo international and swimming champion, who is still the vice-president of the company, the Club Mediterranee villages are a subtle blend of casualness and efficient organisation of leisure activities.

It may not be everybody's idea of getting away from it all, but there can be no doubt that the Club Mediterranee's recipe appeals to the palate of a fast-growing number of people. Of the estimated 1.2m people in the world who choose the village formula for their annual holidays, as much as half of them now go to one of the 71 villages run by the Club Mediterranee.

Turnover

During the last three years, Club Med's turnover has doubled—from Fr 600m in 1974 to Fr 1.14bn (about $266m at current exchange rates) in 1977, its profits have nearly tripled to Fr 61m (about dollars 14m) and its cash flow has doubled to Fr 82.4m (about dollars 19m).

Gerard Blitz may have had the original idea, but the man who is really responsible for the Club Med's success story is its present chairman, Mr. Gilbert Trigano who, at 58, is still as boyishly enthusiastic about the whole venture as he was 24 years ago, when he joined the infant company as managing director.

Small, dark, perpetually shirt-sleeved, Mr. Trigano bounces around the world, negotiating franchises for a new village with a Turkish Minister in the morning and dining with a member of the Jordanian Government in Amman the very same evening.

Though he can now be considered a whizz kid extraordinary, who considers the world his oyster, it took the young Trigano some years to find his real niche. The son of a grocer, he left school at the age of 15 and embarked on what he hoped would be a career in the light entertainment field, writing sketches for the radio and ghost-writing satirical songs.

As is so often the case, Gilbert's father did not really approve of his theatrical activities. But, being a tolerant man, Trigano senior said he would let his son go his own way, if he could prove that he could make a living. He put him in charge of one of his grocer's shops and promised not to interfere in Gilbert's career if he could increase the turnover and profits of the shop within six months.

The test was passed with flying colours. Even after all his subsequent achievements, Gilbert Trigano will ruefully admit today that he has never worked as hard as he did at that time.

Having won his freedom, the young Trigano attended a number of drama courses with the aim of becoming an actor. But it was not to be. The war intervened and the Trigano family, being Jewish, took refuge in the unoccupied south - western region of France to escape being deported.

It was during this period, that Trigano joined the young Communist movement, of which he became a leader, and took an active part in the Resistance. His involvement with Communism was so great that, after the Liberation of France, he worked for some time for the Communist Party newspaper L'Humanite.

At this point, Trigano pere again appeared on the scene and persuaded his son to join a new family concern, producing canvas tarpaulins for lorries and later camping material, such as tents. It was this business which eventually brought about the partnership with Gerard Blitz.

Trigano did not immediately show his business acumen. In 1961, the whole enterprise nearly foundered because the two partners had invested their whole cash flow in new projects and found they could not pay their debts to suppliers. Probably thanks to good personal relations, they persuaded Edmond de Rothschild, who is still one of the major shareholders in the Club Mediterranée, to bale them out with FFr 10m, a risky move at the time, but which has more than paid off.

Since then, Gilbert Trigano has learnt his lesson. Six major financial groups, including Rothschild, Paribas, the Groupe de l'Union des Assurances de Paris, Credit Lyonnais, CEMP Investments Ltd. of Montreal and the Luxembourg-based IFI International together hold about 50 per cent of the Club Med's capital today and are a copper-bottomed guarantee of good financial management.

In recent years, too, the company has made a big effort to modernise its operations and to cut down its administrative staff, by installing a world-wide computerised booking system.

But though Club Med has become much too big a concern to be controlled entirely by one man, Gilbert Trigano remains its real driving force, a kind of philosopher king of tourism who considers that he has a real mission—apart from making money.

Philosophy

Though he has long ago parted company with the Communist Party, he still holds fast to the altruistic and human philosophy which motivated its founders. Private property is anathema to him. "The happiness of the individual is ensured by the collective use of the wealth which permits this happiness," is one of his most typical remarks.

He sees the Club Med villages, with their communal activities as the best concrete manifestation of this principle. The trouble is that compared with British and German package tours, it is still relatively expensive to spend a holiday at the Club. With one eye on Marx and the other on next year's profits, Mr. Trigano has therefore devised a plan to form his own air charter company, together with four of France's biggest tour operators, to reduce transport costs.

Dissatisfied with their present arrangements with Air France, which has a near monopoly of the French air charter market and charges much higher prices than competing charter companies in neighbouring countries, Club Med and the other operators intend to purchase four to five Boeing 737 aircraft. The joint air charter company will be capitalised at $5m to $6m.

There is thus a fair chance that Club Med holidays may become cheaper in the near future and be more competitive with the traditional package holidays, which still have an edge on price.

What happens next is anybody's guess. Mr. Trigano, who is never short of new ideas, harbours an ambition to create a holiday village in Aqaba, Jordan, and even hopes to obtain permission to let the people from there visit the already existing Club Med at Eilat, just across the frontier in Israel.

Robert Mauthner

LOMBARD

The cost of unemployment

BY PETER RIDDELL

THE SHARP rise in unemployment in the last month, the second increase in a row, has come at an embarrassing time for the Government. So the Whitehall rationalisation machine has had to be unusually busy for the time of year, producing lists of special factors such as school-leavers aged over 18, more women leaving work to look after children during the holidays and the poor summer weather reducing the number of seasonal jobs.

Adjustments

But these do not add up to a satisfactory overall explanation of the increase in the last couple of months, which has offset around two-fifths of the previous decline since last autumn. After all, notified vacancies have also been declining for the last two months. It is certainly true that the seasonal adjustment process has looked increasingly questionable and there has been a breakdown in previous relationships between output and employment.

Officials may, however, find a better, if politically unwelcome, explanation for the trend in unemployment in other official figures published by Whitehall earlier this month. The average earnings and wholesale price indices at least suggest a possible theory—which ministers may not be too keen to face.

The essence of this is that the real cost of labour is an important determinant of the demand for labour. The cost of *labour to the employer is related* to the price the employer can obtain by selling what is produced and this is an influence on labour requirements. This analysis has been developed in the Midland Bank Review, and is not only a plausible theory on face value but is also backed by the experience of the last few years.

The real cost of labour is calculated by adapting the index of average earnings to include other costs such as national insurance and pension fund contributions and then relating this to the wholesale price of manufactured good. From the employer's point of view the real cost of labour has to be compared with the productivity of labour. A high rate of growth of output per head could make it possible to pay high money wages in relation to the price of the product—the British miracle always at the end of the rainbow.

There appears to be a definite correlation between this labour cost/productivity ratio and the trend of unemployment. Both declined between early 1972 and the middle of 1974; from then onwards until the end of 1975 both also rose. At the beginning of 1976 the labour cost/productivity ratio began to decline under the impact of pay restraint and at a time when price controls were being relaxed. Unemployment also stopped rising as rapidly as before.

The relationship has been uneven in the last couple of years but the unemployment plateau during the winter of 1976-77 and the decline earlier this year corresponds, after a time lag of a few months, with either a stable or a falling labour cost/productivity ratio. There are, of course, other important influences on labour requirements, notably the fluctuations in the overall level of demand for goods and services.

As the Midland Bank analysis has pointed out, this can fail to be effective in raising the demand for labour and lowering unemployment if at the same time the real cost of labour is working in the other direction. This may explain why the expansion of the public sector's deficit in 1974-75 to unprecedented levels apparently failed to work in a Keynsian way. The real cost of labour was being kept up by constraints on output prices and by large increases in money wages, especially for the lower paid.

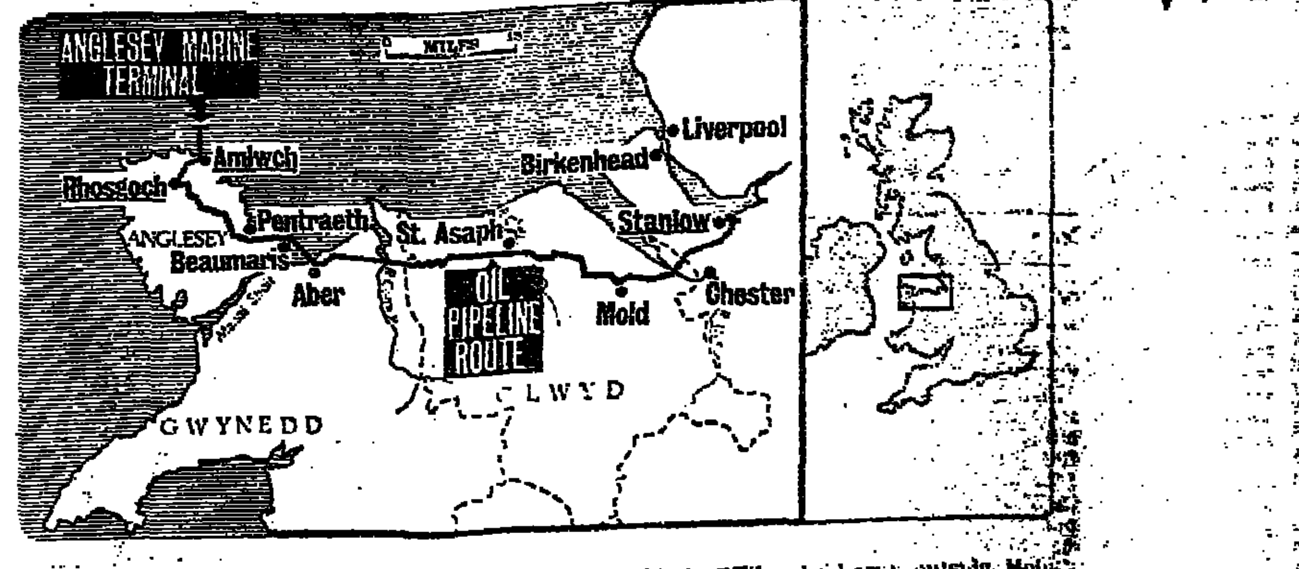
The events of the last year support this view, though in a more complicated way. The demand for labour was given an obvious boost from late last year onwards by the sharp recovery in consumer demand, and by the more modest rise in output. This was reflected in the unemployment figures until two months ago.

High rate

The large number of delayed pay settlements meant that the rate of increase in wage costs only began to accelerate in the late winter. So with wholesale output prices continuing to rise at a modest pace, it has only been in the recent months that real labour costs have started to rise sharply—by around 4½ per cent *in the last six months compared* with 1½ per cent in the previous half-year. This does not necessarily mean that unemployment will continue to rise; after the events of the last *few years it is impossible to be* so certain. But the recent trend of real labour costs does suggest that the politicians should no longer be allowed to talk confidently about a continuing gentle fall in the underlying level of unemployment. A high rate of pay increases means less jobs, sooner rather than later.

The obstructions in Shell's oil pipeline

BY ANTHONY MORETON



THIS WEEK the Setagawa Maru, a 260,000-ton tanker has been unloading her whole cargo of crude oil at Amlwch. Shell's terminal on the northern tip of Anglesey in North Wales. The crude, a cargo from Qatar, was destined for the company's refinery at Stanlow, 78 miles away on the Wirral.

Amlwch is an unlikely place for a terminal. It is set in a particularly attractive part of the world from which the whole range of North Wales' mountains, and Snowdonia in particular, can be seen. When Shell chose the spot there was a harbour of sorts, though it had not really been used since the turn of the century, and con*troversy surrounded the project* from the start.

Opposition came from those who believed that unloading oil through a single buoy mooring two miles out to sea would lead to damage to the environment, and from those who objected to the pipeline between terminal and refinery crossing their land. Apart from various sea and *riparian* authorities, Shell had to negotiate with 440 land owners, farmers and tenants, involving 526 rights-of-way claims.

Even today, 15 months after oil first started flowing through the pipe, opposition continues. *There are those, like the* Marquess of Anglesey, who resolutely believe that at some time there will be a serious spillage. Disasters such as the loss of the Amoco Cadiz, and its oil, in Brittany do not lessen their fears.

Two economic considerations, however, cause Shell more immediate concern. The first is an unusual contract between the company and Anglesey borough council under which Shell pays

AROUND BRITAIN

ANGLESEY TERMINAL

the council a levy on the oil which flows through the pipe.

None of the other pipes in Britain connecting terminal and refinery involves any throughput payment. And Shell does not pay any other council through whose area this pipe passes once it has crossed the Menai Strait onto mainland North Wales. It offered this carrot to *Anglesey to get the* necessary consent from a doubting community. Shell originally was to pay 1p a tonne of oil landed: but since the fee was linked to the retail price index, the amount paid has now risen to 2.1p.

There is a minimum guaranteed throughput of 10m tons a year in the first two years and 7.5m tons in each of the next two years. Thus this year the council is receiving £210,000.

Unfortunately, from Shell's point of view, Anglesey, prodded by some Labour council members, wants more. Delicate negotiations have been taking place since March. Neither side openly admits the figures being bandied around, *but it is thought that Shell is* prepared to concede rather more than £300,000 a year while Anglesey wants £750,000. A settlement is expected at the end of next month.

The other factor perturbing Shell is that since Amlwch was conceived, the economics of oil have changed radically. Amlwch was first devised in the late 'sixties, when a substantial increase in oil consumption was envisaged.

The 1973 Arab oil price rises put an end to all that. Demand *for all oil products* dropped sharply and Amlwch became *operational at a time when the* Stanlow refinery was working well below capacity. Today, Stanlow is operating at 63 per cent of capacity and the big tankers moor off Amlwch every week to 10 days instead of a couple a week.

The result is that while the pipeline was expected to work up towards 15m tonnes (Stanlow itself can handle 18m tonnes of crude a year) and has a theoretical capacity of 25m tonnes, the pipeline handled only some 5m. tonnes in its first 12 months.

Shell is therefore paying Anglesey its guaranteed minimum on a real throughput of only half the guarantee figure —a not very happy situation.

Yet Shell cannot really be faulted for wanting the North Wales centre. The depth of water, width and turning room on the Mersey restrict fully-laden tankers under the most favourable conditions to those of 90,000 tons. And even this is taking a chance.

Amlwch was chosen primarily because of its deep water. Even without taking the tide into account it has 120 ft of water, some of the deepest for offloading available in the world, and it can take any tanker so far constructed. The two largest at sea, the Batillus and the Bellamya, both 540,000 tons, have both discharged at the buoy.

Inevitably, a capital-intensive operation such as this has not worked miracles for *Anglesey's* serious unemployment problem. There are about 60-70 workers at the port and the associated terminal at Rhosgoch some three miles away. Some, such as the divers, have come from outside but probably half were recruited on the island. Still, this is miniscule compared with the 1,200-plus working at the *nearby aluminium smelter* run by Anglesey Aluminium (an RTZ subsidiary) outside Holyhead or the 500 at the Wylfa power station.

Furthermore, there have been two small spillages, and this has kept the opposition very much alive.

However, Shell has been fortunate in having a man on the spot in Mr. Sior Hughes who has done more than any one else to smooth out all the difficulties. Mr. Hughes, a Welsh-speaking Bangor man (his Christian name means George in Welsh) switched from marketing to the pipeline project right at the start and despite any number of construction problems and political issues has seen the £65m scheme to the position where it is an integral part of Shell's refining economics. Everyone in North Wales who has been involved in the work admits that the line owes a great deal to his gentle persuasion.

Mixed Applause for Mercer

RACING

BY DOMINIC WIGAN

IN SPITE of the first appearance of Sweet Angelina, the reportedly speedy Henry Cecil roan, on the Rowley Mile course this afternoon, Joe Mercer, the stable jockey, has opted for Goodwood.

It is not difficult to see why. For Mercer, whose ratio of winners per mounts this season is considerably better than any other leading rider, including Lester Piggott (21.76 compared with Piggott's 19.63), has a clear chance of winning the Waterford Candelabra Stakes with Mixed Applause, Sweet Angelina's stable companion.

Although Mixed Applause, a Nijinsky filly, found Devon Ditty too good for her in the Cherry Hinton Stakes last month, there was clearly no disgrace in going down there in the light of Wednesday's Lowther Stakes. Furthermore she bounced right back to winning form with a particularly game victory over A Star is Born in the Sweet Solera Stakes.

Sure to be ideally suited by this seven furlongs and what seems certain to be a fierce pace from the outset, Mixed Applause can further add to Devon Ditty's already formidable reputation with a win over Head Huntress, a stablemate to last year's winner, Cistus.

In the other two-year-old event on this jackpot supported programme, the Harvest Nursery, I intend giving another chance to Collect.

Henry Candy's Song juvenile ran out an easy winner from Just a Kinsman at Leicester last month and it may pay to overlook a subsequently disappointing run at Redcar where he was well beaten shortly after halfway.

That was clearly not his true running and the hoped-for return to that Leicester form will probably see him home, against some modest opponents.

In contrast to Joe Mercer, Geoff Lewis, another leading jockey with a choice of the two meetings, has opted for Newmarket.

The decision could well be justified, for School Road, his mount in the Shalfleet Handicap, did enough when beating Unella by a length over this six furlongs course and distance last time out to suggest that she can defy 8-stone 4-lb today. Years Ahead and Gauloise also look strong possibilities for the Epsom jockey.

GOODWOOD
1.45—Collect***
2.15—Swing Through
2.45—Cunard
3.15—Mixed Applause**
3.45—Breton's Sister
4.15—Nelbi

NEWMARKET
2.30—Years Ahead
3.00—School Road
3.30—Gauloise*
4.30—Brigante

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.55 Paddington. 10.00 Jackanory. 10.15 Grange Hill. 10.35 Big John, Little John. 11.25 Cricket: Third Test—Cornhill Insurance Test Series: England v. New Zealand. 1.30 pm Trumpton. 1.45 News. 2.00 Show Jumping/Cricket: Third Test. 4.18 Regional News for England (except London). *4.20 Play* School (As BBC-2 11.00 am). 4.45 Agaton Sax. 5.10 Play Away.

5.40 News.
5.55 Nationwide (*London and* South-East only).
6.20 The Transatlantic Balloon.
7.10 Hoe-down.
7.40 Young Dan'l Boone.
8.30 The Fall and Rise of Reginald Perrin.
9.00 News.
9.25 Petrocelli.
10.15 Face the Music (London and South-East only)
10.45 Regional News.
10.46 The Late Film: "I Could Go On Singing" starring Judy Garland.

All Regions as BBC-1 except at the following times:—

WALES—1.30-1.45 pm O Dan y More. 5.10 Chrystal Tipps and Alistair. 5.15-5.40 Teliffant. 5.55 Wales Today. 6.15-6.20 Newydd. 7.10-7.40 Crwydro Clawdd Offa (3) O'r Ystog: Groesoswalit. 10.15 *Music in Wales (Concert from the* Welsh Jazz Festival 1978). 11.15 The Late Film: "I Could Go On Singing" starring Judy Garland. 12.50 am News and Weather for Wales.

SCOTLAND—5.55-6.20 pm Reporting Scotland. 10.15 Breathing Space. 10.45-10.46 News for Scotland.

NORTHERN IRELAND—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 *Mary O'Hara. 10.45-10.46 News for* Northern Ireland.

ENGLAND—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) on Camera; Midlands (Birmingham) A Couple of Cranks; North (Leeds) BBC North Young Music Makers; *North East (Newcastle) Friday* North: North West (Manchester) Northwest of Westminster; South (Southampton) Hey Look . . . That's Me; South West (Plymouth) Peninsula; West (Bristol) It's in the Blood.

BBC 2

6.40-7.55 am Open University
11.00 Play School.
2.00 pm Racing from Goodwood.
4.00 International Show Jumping.
4.30 Cricket: Third Test—England v. New Zealand.
6.35 Open University.
7.00 News on 2 Healines.
7.05 Children's Wardrobe.
7.30 News on 2.
7.35 Six English Towns.
8.05 Leonard Bernstein—Reflections.
9.00 Jazz from Montreaux with the Benny Carter Quartet, Carrie Smith, and the Cab Calloway Band.
9.25 Horizon.
10.25 Don't Forget to Write!
11.20 Late News on 2.
11.30 Cricket: Third Test (highlights).
12.00 Closedown (Reading).

LONDON

9.30 am Elusive Butterflies. 9.55 Talking Bikes. 10.20 Oscar. 10.30 Animated Classics. 11.15 Stationary Ark. 11.45 Felix the Cat. 12.00 The Learning Tree. 12.10 pm Hickory House. 12.30 Look Who's Talking. 1.00 News plus FT index. 1.20 Platform. 1.30 Family. 2.25 Racing from Newmarket. 4.15 Children of the Stones. 4.45 Runaround. 5.15 The Cuckoo Waltz. 5.45 News.

6.00 After Noon in Action.
6.25 Cartoon Time.
6.35 Crossroads.
7.00 The Krypton Factor.
7.30 Backs to the Land.
8.00 Survival Special.
9.00 The Foundation.
10.00 News.
10.30 World Swimming Championships.
11.00 Whats On LWT.
11.15 Law Centre.
12.15 am The Entertainers: Ralph McTell.

RADIO 1 247m

(S) Stereophonic broadcast ‡Medium Wave

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.00 Paul Burnett with the Radio 1 Roadshow from Newquay. 12.30 pm Newsbeat. 12.45 Peter Powell. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 Sports Desk (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) from Bridlington, including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young live from Brixham (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House in Barry (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) from Southport, including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk.

F.T. CROSSWORD PUZZLE No. 3,754

ACROSS

1 Stick hotel servant in wet weather wear (3, 5)
5 Gloomy like this doctor concerning . . . (6)
10 . . . trick adopted by city in Kansas (5)
11 Allow little margin with encouragement to jockey (3, 2, 4)
12 Bar sherry perhaps before spring (4, 5)
13 A lot of craft shown by London street (5)
14 Way over part of bridge needs stiffening (6)
15 Runs away to head office—all right to take the chair (5, 2)
18 Undergraduate is impertinent to the Queen (7)
20 Sucker for hypocrisy (6)
22 Pentagon, say, or some other military HQ (5)
24 Raffle paper found on hospital bed (4, 5)
25 Drink to order in Ulster with assistance we hear (9)
26 Club attracting youth leader by perversity of fate (5)
27 Mother enters twice to find fruit (6)
28 Study recorded—that's implied (8)

DOWN

1 Be relegated to eastern warehouse (6)
2 I met Ted in mix-up with young Parisienne (9)
3 Nine are getting too much to drink (3, 4, 3, 5)
4 Finished from end to end (7)
6 Not working—like a cashiered officer? (3, 2, 10)
7 Well-groomed girl (5)
8 England's premier bowler of yore left without teeth (8)
9 Grab bit of song (6)
16 *Impudence on board during* part of a service at dinner (5, 4)
17 Leaving discharge to branch (8)
19 MP is a bird (6)
20 Chap welcome to stop at sea (5, 2)
21 Remained sad yet different (6)
23 Warning bell after the fashion of the Marines (5)

Solution to puzzle No. 3,753

DATELINE AFFORD
FREEPORT CARESS
COCKROACH HOTEL
APSE CORONET
LITERAL MODE
CLAIM MANDATORY
AVIATE FRAGMENT
ENGIRO WHISTLER

ENTERTAINMENT GUIDE

هكذا من الاصل

inema

Whither the Western

by NIGEL ANDREWS

onvoy (A) ABC Shaftesbury Avenue, Scene, Classic Oxford Street and ABC release M (A) Plaza 4

Whatever happened to the estern?

The mortality rate among ovie genres is low—they may ange in style but they do not ten disappear—and when one the great staple forms of the nema slips from our screens, parently forever, one wonders hy and where it went.

The answer is to be found in ovies like *Convoy*. Sam Peckin-ah's new film is a hymn to merica's long-distance lorry-ivers and a Western in all but ame. The pioneer trails may ve been tarmacked over, and e horse may have given way the combustion engine, but e backdrop is still the same—e Old West—and so are the amatic values. Loyalty, achismo, grace under pressure, l those themes once thought e prerogative of the Western ve now passed into the hands the Road Movie and the cops-d-robbers film. *Convoy* is a end of the two, and a zzlingly effective one. Its mi-preposterous plot is played r all the suspense and comedy is worth, and in clearing his stem of the pulp solemnity that fected parts of *Killer Elite* and *oss of Iron*, Peckinpah seems have been born again. *Convoy* shot and edited with more illiance than anything he has one since *The Wild Bunch*.

Kris Kristofferson plays a uck-driver whose longstanding ud with quarrel-picking izona Sheriff Ernest Borgnine upts one day into total war-re. After a violent punch-up a roadside bar, Kristofferson d his cronies take to the road convoy, heading for Mexico d safety from American deral law. Other trucks join m, and the film's story comes an account of how a e-truck convoy turns into a le-long crocodile, advancing th euphoric invulnerability rough all the road blocks, heli-opter posses and armed am-shes that the Law can throw ainst them.

Political opportunism holds out tempting hand when an elec-eering state governor (Sey-our Cassel) offers them a brief nesty, in return for their ublic campaign support. But istofferson is not a man to sell s soul lightly and he ends up, e a previous Peckinpah hero ajor Benner, "going down his ng road" either to martyrdom survival.

The movie is "based on C. W. cCall's record *Convoy*," and is e first feature film I can recall at was adapted from a hit ngle. The genesis is appropriate, nce the whole film is musical style and impulse. Peckinpah rings the changes in tempo, mood and rhythm with an almost abstract delight. The eye-blink editing will be a revelation to anyone whose memory does not stretch back to *The Wild Bunch*; and one brilliant montage of the trucks swaying and churning their way through an Arizona dirt road (Kristofferson calls it his "back way into Mexico") is shot in shimmering telephoto to the accompaniment of waltz music, as if to show that what Kubrick could do with space-ships Peckinpah can outdo with lorries and tankers.

There are one or two holes in the plot, and one or two question marks in the cast (Ali MacGraw as a sexy photo-journalist who teams up with Kristofferson is strictly the token female): but the wonder of the film is in the way all the resonant themes—of loyalty, pride, moral self-determination—that Peckinpah pursued in more "serious" films like *The Wild Bunch* and *Straw Dogs* survive intact in this story without capsizing it. Individualism is again the key. Kristofferson the rogue-trucker and Borgnine the rogue lawman are not hero and villain but two sides of the same maverick coin—the "last of the independents," as Borgnine calls them. And it is Borgnine, ironically, who has both the last laugh in the movie and the last helping of the audience's sympathy. As befits the subject, there are wheels within wheels in this film.

*

Whatever happened to the musical?

No sooner has one graciously recorded the passing of one movie genre than one's attention is drawn to the death throes of another; although the musical, like the Western, has not so much disappeared as metamorphosed. Both genres have bowed to progress, the Western by acknowledging the invention of the car, the musical by recognising the new supremacy of the discothèque and the radio station.

Ali MacGraw in 'Convoy'

Live music is a phenomenon obsolescing almost as fast as horse-riding, and in obedience to the times the 1970s musical has quietly swapped the live performer for the juke-box and the wireless. It is no longer the singers and dancers themselves who star in musical films — the Astaires, the Kellys, the Sinatras — but the fans and the fringe people. *I Wanna Hold Your Hand* was about a group of Beatlemaniacs. *American Hot Wax* was about a disc jockey. *Saturday Night Fever* was about discotheque life in New York. *Thank God It's Friday* was about discotheque life in L.A.

And now there is *FM*, the story of a plucky West Coast radio station fighting the evil hand of East Coast commercialism. The brave little band of disc jockeys who run Radio QSKY in Los Angeles pride themselves on having created their own "sound" and style, and now the Big Corporation that owns them is growling for bigger profits and a higher ratio of commercials to music.

But they will have none of it: "they" being handsome radio station chief Michael Brandon, black disc jockey Cleavon Little ("Prince of Darkness" to his listeners), blond disc jockey Martin Mull and "Mother," a liquor-bibbing matron played with scene-stealing dishevelment by Eileen Brennan.

The tragicomic imbroglios vary from the endearing to the trite and back to the endearing, and the plot is a virtual reprise—only the milieu has been changed — of Joan Micklin Silver's saga of newspaper life, recently opened in London, *Between The Lines*. But the main weakness is less a sense of *deja vu* than the fact that the whole plot is a glorified pretext for churning out 105 minutes worth of virtually non-stop music. In movies like this—and *Car Wash* and *American Hot Wax* and the rest — the feature film is relegated to the role of disc jockey: keeping up its banter, its screwball humour and its synthetic camaraderie while an off-screen hand is forever changing the records.

Edinburgh Festival—Lyceum

The Marriage

by B. A. YOUNG

Gogol's farce is the second play brought here by the interesting Malaya Bronnaya company. Well, they play it as a farce and describe it skittishly in the programme as an "absolutely incredible event," but it doesn't look like a farce to me. It is not a play I know, and I could find no English translation in Edinburgh; but under the extravagant slapstick of Anatoli Efros' production I thought I saw something about as farcical as *The Government Inspector* but no more.

The tale is a simple one ornamented with many comic elaborations. Podkolyosin, the kind of shiftless independent bachelor who appears with such sinister frequency in 19th century Russian stories, is half-heartedly courting the girl Agafya with the aid of his confidant Kochkaryov. Podkolyosin is poor material for a hero; Nicolai Volkov makes him almost invisible as he lurks out of sight in corners. But Kochkaryov (Mikhail Kozakov) bustles about like some local Figaro, though he spends less time advancing his principal's suit than he does scaring off the rival suitors.

These are three assorted grotesques—Zhevakin (Lev Durov), a peppery little old ex-naval officer with a vast grey moustache, Anuchkin (Dmitry Dorliak) whose legs give Agasya less than total pleasure, and Yaichmiesa (Leonid Bronevoy) whose name means "omelette." Gogol likes jokes about funny names. Zhevakin consoles Omelette by telling him about a Midshipman Void that he once served with. In *The Nose*, if I remember rightly, there is one Rozanov who finds his name deeply embarrassing. This production's stage manager is Tatyana Wool; what would Gogol have made of that? Omelette, though Bronevoy is a talented comedian, has to rely mostly on his name for his laughs.

Olga Yakoleva

The direction has much in common with the company's other production. Some of the action is relegated to tiny box sets that are pushed on to an otherwise empty stage and stay there in a background; one contains a room in Agasya's house, where Agasya, the enchanting Olga Yakovleva, proves as indecisive as Podkolyosin himself, and the other contains a carriage with very little function.

Much use is made of off-stage music; for Turgenev it was Mozart, for Gogol it is the rich choral singing of the Orthodox wedding-service, which swells up whenever thoughts of marriage mature among the players. Efros does not confine himself to musical illusions, however. At the beginning and at the end there is a full-scale vision of the happy pair and all their friends leaving the church after the marriage ceremony—though unless I missed a point on my translating machine, the marriage never comes off, for Podkolyosin is so chicken that he jumps out of Agasya's window rather than go through with it. If he could have seen Agasya's own vision of the dozen handsome children summoned up by her imagination, he might have had better cause for such cowardice.

Inappropriate as the farcical treatment seems to me—and apparently it suffered a similar fate at its first production in 1842—there are many good things in the production. Players like Yakoeleva (who is alternating as Agasya with Anna Kamenkova), Kozakov, Durov and Bronevoy could not be dull whatever they did. The motives that have prompted Efros to adopt this style for the production seem to lie in his own uncertainties. The play, he has written, "does not seem funny enough," but his reaction to this discovery consists only of a lot of doubts. Is it funny or sad? How should one approach it? Should it be done at all? "One must not 'vaudevillise' *The Marriage*," he concludes. But it seems to me that this is exactly what he has done.

Albert Hall/Radio 3

English Chamber Orchestra

by ARTHUR JACOBS

A thread of tune from Richard Strauss's *Ariadne auf Naxos* persisted in my head long after leaving the Albert Hall on Wednesday. Not that the opera itself had been added to the proms fare. But the tune is one of the many musical allusions with which Strauss enriched his suite of incidental music to *Le Bourgeois Gentilhomme*. Long as it is, the suite was very agreeably unfolded by Norman Del Mar, who champions Strauss equally well with the baton and the printed book.

The scoring, much reduced (in a quaintly misguided homage to an antique style) from Strauss's norm, made the suite an admirable choice for the capable English Chamber Orchestra. Equally so was Mozart's Symphony No. 33 in B flat. Here, having specified only two of each wind-instrument, Mozart would have been surprised to see three horns. Today's horn-players have thus solved the problem of employment, the appearance of five instrumentalists to play four parts being likewise the rule rather than the exception.

Mr Del Mar showed convincingly that this rarely-heard symphony, if not among the composer's weightiest or most concentrated, is still a testament of mastery. There followed Mozart's violin concerto no 5 in A, played in a quite masterly way (with a very individual tone, no mere monochrome outflow of silk) by Manoug Parikian. British and resident here as he is, he is surely an under-valued musician. His cadenzas, not merely in the expected places, added to the interest of the performance—and the printed programme should have told us who wrote them.

No less welcome was Dorothy Dorow. Can it really be 17 years since she dazzled at Glyndebourne in the coloratura flights of Henze's *Elergy for Young Lovers*? Dallapiccola's *Tre Poemi* (settings of James Joyce in Italian translation, and of two other poets) showed her on Wednesday to be as true-toned, as extended in range, and as subtly expressive as ever. In an older convention of concert-giving, to confine such a soloist to nine minutes of unfamiliar music would have been considered ridiculous: I still think it so. Mozart's *Exultate, jubilate*, or some other work in well-known style, would have allowed the fuller exposure of her gifts and personality to an appreciative audience.

Book Reviews appear on Page 27

'Godspell' to move

Godspell, playing a fifth West End season at the Shaftesbury Theatre, will move into its seventh London home, the Duke of York's Theatre, St. Martin's Lane, for a further season opening August 29.

Elizabeth Hall

Gabrieli Quartet

by MAX LOPPERT

This was the second of the two recitals of Schubert string quartets given by the Gabrieli at this year's South Bank Summer Music, and they brought it to a disturbing close with a masterly account of the D minor Quartet (Death and the Maiden). It is a rare performance of this terrifyingly insistent work that does not make the listener's fingers ache in sympathy with the players in their struggle to achieve the near-orchestral sonorities predicated by Schubert's string writing: only the Quartet in G is more exacting still.

Yet in Wednesday's performance, there was seldom the feeling that the strains of encompassing the *moto perpetuo* figuration and wide intervallic leaps were distracting the Gabrieli players from the matter beneath the musical surface. (Perhaps, once or twice in the first movement, the intonation of the first violinist, Kenneth Sillito, became a little uncertain in altissimo.) Between the various crucial elements in the music, between its lyricism, atmosphere of dark dramatic intensity, and unrelenting dynamism of thought, a balance was struck and sustained with the lucidity of exceptional understanding. The music could also be enjoyed, as the greatest Schubert must always be, for its sensuous pleasures. In the slow movement, the meshing of melody with its increasingly intricate and fantastic tracery was managed with expert clarity. It was a pity to be denied the repeat in the last movement (this was a recital rather too short on first-movement repeats).

The playing of the Gabrieli Quartet is always lucid, always moulded with care to the proportions of a work without exaggeration of subordinate details; but it does not always achieve the powerful impetus that marked this *Death and the Maiden*. In the first half, there had been scrupulous performances of the early B flat Quartet (D112) and the A minor Quartet (D804). A particularly exigent listener could have wished in the former, for more affectionate moulding of the blithe melody of the Trio; and, in the latter, for a more urgently anxious pattering-out of the repeated figure of four semiquavers that so insinuatingly unsettles the unfolding of the opening movement. But these demands would have been made in the face of chamber music playing of altogether uncommon discipline and unanimity of purpose.

Manuscripts to stay in Britain

The Arts Council and the Victoria and Albert Museum are making a grant of £15,000 to enable the manuscripts and literary papers of Walter de la Mare to remain in Britain. The grant is being made to the Bodleian Library, Oxford, to facilitate the purchase of the papers from the Trustees.

The material consists of the working papers, manuscripts, typescripts and page proofs of almost all Walter de la Mare's poetry and prose, his short stories, lectures and speeches.

George Chakiris and Beth Morris

Leonard Burt

Queen's

Passion of Dracula

Bram Stoker's novel has been wittily adapted by the American duo of Bob Hall and David Richmond, compressing the entire stage action into Dr. Seward's huge circular library in Purfleet. The doctor's asylum is blamed by villagers and the Press for the strange happenings since the arrival in a crumbling mansion of Count Dracula. Stoker's spider-chewing madman, Renfield, rushes in and out, berserkly welcoming the advent of his saviour and mentor, champion of the life force through vampirism.

If the show disappoints in the meagreness of its Transylvanian effects, that is the price of placing emphasis on the disruption of genteel English behaviour by other-worldly phenomena. The idea of prolonging life by absorbing it is an outrageous affront to the benignly casual Seward and his aristocratic neighbour, Lord Godalming. These two are given impeccably stylish interpretation by Rich Vernon and James Villiers respectively, firing off oleaginous expressions of disbelief and dismay as though someone had served the cucumber sandwiches on a tin plate.

Godalming, in fact, is sucked into the dastardly pay-off by Seward's Freudian nurse, a character who does not appear in Stoker but is introduced to replace Wilhelmina's friend, Lucy Westenra, and provide a tighter binding of the story to its medical setting. She is killed offstage but returns, "Un-dead," to vampirise the Lord. Mr. Villiers brings down the house when, having thrust a stake through her heart, he returns magnificently to declare "You could have had me, but you shall never have England!"

George Chakiris as Dracula is a sinuous presence, somewhat lacking in the required charismatic drive and sinister mien, but oozing lounge lizard charm and moving in on Beth Morris's sexy, sylph-like Wilhelmina with the liquid grace of a well-bred panther. Wilhelmina's Jonathan Harker (Tom Marshall) is not the initiated solicitor's clerk fresh from the Borgo Pass, but a callow journalist with a nose for a story. And centre stage is most successfully held by Roy Dotrice as the Dutch professor, Van Helsing, who unravels the grisly truth by dint of his learned determination to face it.

Clifford Williams's production gets by thanks mainly to its deftness with grace notes: Richard Moore's servant, for instance, crosses the stage in Act 3 blankly cradling a bundle of sharpened faggots as Mr. Dotrice blithely hangs bunches of garlic around the set. On the larger scale, the impact is not all it should be, especially when Farrah's library roof spectacularly rises to reveal a not very striking image of the avenging Count wreathed in smoke and poised for the kill.

MICHAEL COVENEY

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000

Friday August 25 1978

Another drop in the ocean

THE REPORTED readiness of the U.S. authorities to draw on the unconditional credit available to them in the International Monetary Fund is meant to stress their determination to arrest the decline of the dollar. Unfortunately it is likely to have exactly the same result as other recent "defence measures"—a rally with a life of a few trading hours; for its true message is not at all that which is intended. It shows how much the Americans *still have to learn* about the true cause of the dollar's persistent weakness.

Intervention

If the availability of funds to mop up the privately held dollars on offer were the whole *solution, the problem would* have solved itself before now. Interventions by foreign central banks in the 18 months since the problem first became acute are now well in excess of $40bn. a sum substantially greater than the whole U.S. current account deficit in the same period. The rate of intervention rose in the first quarter of this year to nearly $14bn. and has no doubt reached very high levels again in the recent slide. In the light of these figures, showing a massive switch of capital, a quarter-point rise in discount rates or the sale of an extra $600m worth of gold are scarcely even gestures, and the mobilisation of about $4bn in the IMF would relieve the pressure on foreign central banks for less than a month. These do not look like the actions of a government which takes the "*dollar problem*" *really* seriously.

Doubts on this score are easily roused, because the decline of the dollar was for a long time clearly not a problem for the U.S., however much agony it may have caused for Japan, Germany or the OPEC countries. The Administration chose to pursue a course of domestic expansion much faster than that in the rest of the world partly for domestic reasons and partly because an effective devaluation of the dollar was actually desired.

The results up to now have on the whole been very good from a U.S. point of view—a prolonged period of unusually *rapid growth, a marked rise in* employment, an improvement in competitiveness, and more recently a marked increase in foreign real investment in the U.S., which will in due course contribute both to growth and U.S. trade performance.

It is, of course, perfectly legitimate for the U.S. to pursue its own interests in this way for as long as the policy produces the right results. The rate of inflation has, it is true, remained disturbingly high when it *might otherwise* have fallen; but other countries which have added enormously to their dollar reserves have *shown that they too are* prepared to put up with some of the inflation caused by U.S. policies if by doing so they can also enjoy part of the trade growth which has resulted.

This policy, then, has solved the proble mof U.S. competitiveness and also, according to recent *indications*, the problems of idle industrial capacity in that country: and for that very reason it is time for the policy to be changed. A monetary expansion which pushes on the limits of capacity is no longer expansive in any real sense, but simply inflationary. It is because the markets sense these inflationary dangers that the dollar is so weak.

The Administration is also *increasingly worried by* inflation, but its recent actions suggest that it thinks the problem originates in the exchange markets, instead of simply being reflected there. The illusion that real economic pressures can be staved off by foreign borrowing is one which problem-ridden governments are inclined to embrace tenaciously, as we in this country know only too well.

However, there are now domestic pressures in the U.S. which may drive the Administration towards more appro*priate policies more quickly* than any amount of international criticism. The build-up of demand pressures in some U.S. industries coincides, rather naturally, with a threatening build-up of domestic financial pressures; the need to finance the federal deficit without a vast monetary expansion may drive up interest rates in spite of fears about inflation.

The initial rise, as again we have learned, could be sharp—much sharper, at any rate, than the U.S. authorities have yet been ready to contemplate; but *after that the results, in what* is still a dynamic and responsive economy, could be quick and gratifying.

A setback for Israel

THE disintegration of the Democratic Movement for Change marks the end of what had seemed to be the most promising development in Israeli politics. It hardly bodes well for those hoping to see Mr. Menahem Begin adopt more accommodating policies at the Middle East summit at Camp David next month. The great hope of the liberal middle classes which scored so well at last year's general elections, the DMC today lies in the ruins created by its own political naivety and the rightward shift by the voters which thrust Mr. Begin into power.

Israel has a long record of political factionalism, with as many as 20 parties contesting each election and usually more than ten returning candidates to *the Knesset. But the DMC had* been something different. It was created in anticipation of last year's elections by people who were disgusted by the complacency and corruption of the ruling Labour Party and were determined to reform the country's politics.

Distinguished

Its leaders were among the most intelligent and least tarnished public figures in the country. Party head Professor Yigael Yadin had a distinguished record, first as a chief of staff of the army and later as an archaeologist.

The urban middle classes and intellectuals deserted the Labour Party to give the DMC 15 seats in the 120-member Knesset. But instead of just weakening the Labour Party sufficiently to be able to force reforms on it, the desertion from Labour let in Mr. Begin's Likud Block which quickly formed a coalition, without the DMC. Eventually joining the coaltion in October, on what most people regarded as humiliating terms, the party never managed to exert the moderating influence on the Government which it had hoped.

Mr. Begin is unlikely to be sad to see the party break up, as enough of its members are remaining in the coalition to ensure him a comfortable majority in parliament. At the same time he has been relieved of his most vociferous critics within the coalition so that the government is more unified than ever.

The Labour Party can be excused if it feels some satisfaction over the discomfort of the party which played a key role *in robbing it of power after 29* uninterrupted years. But the opposition politicians are aware that they have gained little real strength from the demise of the DMC. Some DMC voters will no doubt return to the Labour fold, but this is cold comfort at a time when elections are *still* three years away and the government appears more firmly entrenched than ever.

President Sadat of Egypt has *made no secret of his hopes that* the public in Israel would force Mr. Begin to moderate his stance in the peace negotiations. However, he would be mistaken in thinking that the split in the second largest coalition party will bring softer policies from the government.

The weakening of the moderate elements in the Begin coalition will give greater power to the partners from the reli*gious parties* whose politics tend to the right on issues of territorial compromise and concessions.

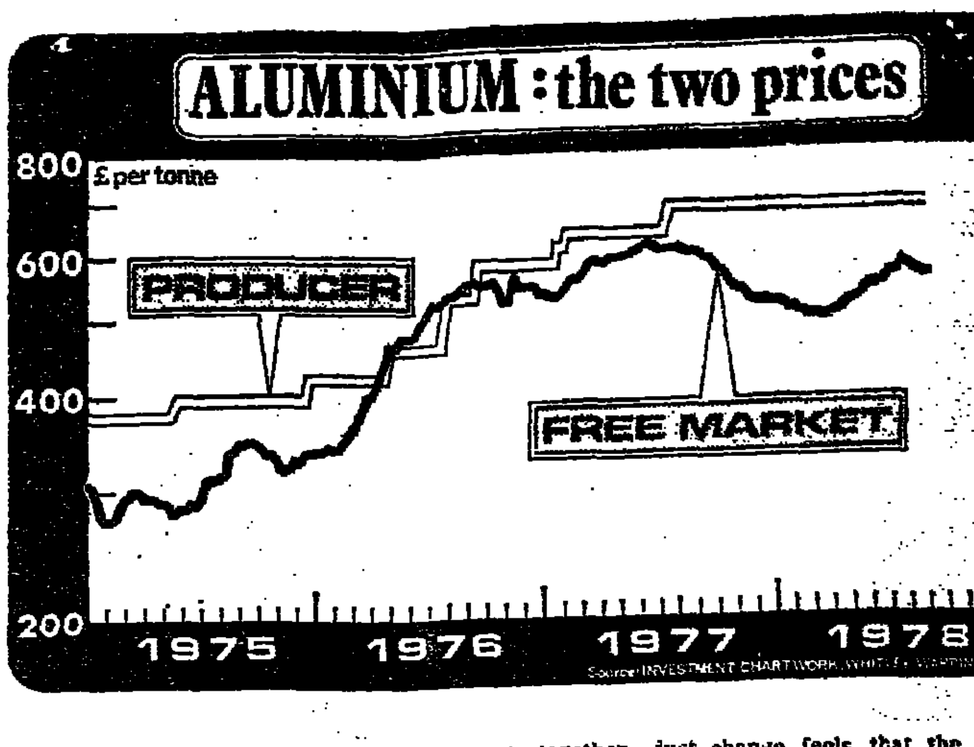
The *failure of an idealistic* party like the DMC can only strengthen the traditional politicians whose wheeling and *dealing often distresses* the public they are supposed to be serving. In the case of Israel the tragedy is even greater because so many people, both there and abroad, had hoped that the DMC would introduce a greater tone of realism into policies which often appear to be self-defeating.

It is now clearer than ever that barring illness, Mr. Begin will continue to be firmly in control of Israel's policies for some time. The loss of some DMC members may weaken the claim that his government's policies represnet the broad national consensus on foreign affairs, but they do not weaken his control over the government.

هكذا من الأصل

Metals 'free market' breaches producers' last bastion

BY JOHN EDWARDS, Commodities Editor



A QUIET revolution in the pricing of metals is *coming into* the open with the decision this week by the London Metal Exchange to launch a new aluminium futures contract. It highlights a general move away from the so-called producer price system, under which the producer fixes the *price at which* the metal is sold, and towards a "free market" where the price of the metal is decided by a number of influences including, at times, speculation.

The change could have far-reaching implications in bringing a new age of uncertainty for both producers and consumers of these raw materials, which are used throughout industry.

The move towards "free market" pricing of metals is a step away from the stabilisation of commodity prices, so urgently sought by *developing countries* as part of their proposed new economic order for the world—and from control by oligopolies.

Aluminium producers are the strongest advocates of the fixed price system for metals. This is why they have so bitterly opposed the proposed Metal Exchange futures market. They claim that it could disrupt the whole structure of the industry by introducing an element of *instability harmful to both* producers and consumers. They point to the example of copper, where countries dependent on copper exports for the bulk of their exports cannot be sure of their earnings in the year ahead because of wildly fluctuating prices.

Producers and consumers of copper also find it very difficult to plan any long-term investments, when there is no certainty whether prices *will* go up or down. In contrast aluminium producers point out that with a producer price system the *consumer* can estimate pretty accurately what he is likely to pay for his metal supplies and producers can gear their prices in line with production costs with a margin to allow for future expansion.

The producers' argument is that it is much more sensible than allowing prices to fluctuate wildly, often at the whim and fancy of speculators who may have no connection normally with the *metals industry*. Yet the Metal Exchange has been encouraged to go ahead in the knowledge that the producer *price system* has suffered a series of setbacks in recent years.

A major body blow was dealt only three months ago when Kennecott, the biggest copper producer in the U.S., decided to abandon its traditional producer pricing. Instead it is now basing the cost of the copper sold on the daily quotations of the highly speculative New York Commodity Exchange copper market *(known as Comex)*. Kennecott was previously one of the main supporters of the producer price system.

U.S. producers of copper, aluminium and other non-ferrous metals have so far managed to keep the fixed price system going, whereas the rest of the world is forced to rely mainly on the London Metal Exchange free market quota*tions as a pricing basis. This* is so mainly because the metals industry is far more integrated in the U.S. than elsewhere. U.S. *mine producers own a* large chunk of the fabricating industry that normally buys metals for semi-manufacturing into the shapes and alloys bought by the manufacturer of products or the eventual consumer. In other words the U.S. producers have large captive outlets for their metals. They should, therefore, be able to control prices to a much greater extent.

However, the great surplus of *metals available in the* world during the past four years of poor industrial activity has brought intensely competitive conditions even to the U.S. market. Copper imports into the U.S. doubled to over 325,000 tons in the first half of this year—equalling about 16 per cent of *total sales—as a result of being* available at free market prices considerably below the producer level. Kennecott, faced with *mounting stocks* and an *urgent* need for improved cash flow to help fight off an unwelcome take-over bid, decided after much heart searching to switch to free market pricing.

The move successfully recaptured for Kennecott lost sales and stemmed the flow of imports. So other U.S. producers have been forced to follow. Although some are still holding out by making their producer prices more flexible, most copper in the U.S. is now being sold at a "free market" price, and what was described as the last bastion of the producer system has *crumbled*.

Producer prices have been retained for many other metals. But the trials and tribulations of the *metals markets in recent* years means that they are often a producer price in name only, cloaking a series of discounts to *remain competitive. Another* traditional leading advocate of the producer price, International Nickel of Canada, last *year abandoned it completely in* favour of "confidential" pricing, or negotiating each deal as it arises.

Fierce competition from rival nickel producers, particularly newcomers seeking a share of the market, and an abundance *of supplies built up through* expanding production too optimistically almost bankrupted International Nickel as its share of the market fell sharply. Ironically, Inco's move away from the producer price system has not been followed by its previously competitive rivals, who are seeking to stabilise the market and stop prices falling to even more uneconomic levels.

Zinc producers, outside North America, are faced with a similar dilemma.

A massive build up of surplus stocks has virtually *destroyed* the so-called European producer price, which in practice covers zinc sold under supply contracts outside the U.S. and Canada. The European producers' quotation for zinc was introduced in 1964 at the inspiration of Rio Tinto Zinc, and leading French and Belgian producers, as an alternative to the previous method of basing *prices on the Metal Exchange* quotations.

They were able to introduce the producer price system, since the bulk of zinc output is concentrated in a relatively few hands of companies in the industrialised western world which were prepared to co-operate with each other. In the case of zinc, unlike that of copper and lead, whose prices out*side North America* are based on the Metal Exchange daily quotations, there is not a lot of scrap recovered to undermine *the primary market, nor* are many governments involved that will not cut production for political reasons.

The European producer price for zinc worked successfully for some 10 years, with producers holding "secret" meetings on a regular basis to agree to price increases, cut ouput when necessary to stabilise the market, and organise support buying programmes on the Metal Exchange zinc market.

But after the great zinc boom *of 1974, the unofficial cartel ran* into trouble. First of all it attracted increasing attention from the U.S. Justice Department investigating anti-trust accusations. Although U.S. producers were not directly involved, many of the companies had *strong* U.S. interests and were threatened with the possibility of action by the Justice Department. That made it increasingly difficult for the producers to get together, just when co-operation was most needed to stop huge surplus stocks *building up* as result of a big drop in demand and over-optimistic production. With no concerted action to cut output or adjust the price to more realistic levels, the European producer quotation became merely the point from which to offer ever larger discounts.

Finally the price collapsed, coming down to the levels set by the Metal Exchange zinc market. Although there are signs of a recovery, the credibility of the zinc producer price has suffered damage from which it is unlikely to recover unless a new *shortage of supplies develops*.

Aluminium is the last major metal where producer pricing still holds supreme. Now it too is threatened by new producers coming in breaking established trading patterns, and the previous unofficial "club" of lead*western world producers that* bought up surplus Russian supplies has also been disbanded. Nevertheless, there is still a great deal of co-operation, especially in switching supply commitments to save shipping costs.

The challenge presented by the Metal Exchange's proposed futures market is therefore particularly unwelcome to aluminium producers. In fact it is quite a risky venture for the Exchange, putting its reputation at the mercy of an aluminium industry accustomed to and generally in favour of producer pricing. There is not the same pressing surplus of supplies of aluminium that brought the *downfall of other metal* producer prices, and the industry is considerably integrated with some of the big producers owning *everything* from the bauxite used to make aluminium to the company making the final consumer product.

Nevertheless the Metal Exchange feels that the tide is running in its favour, despite frequent calls from certain political circles for more commodity price stabilisation.

It is an inherent fault of the producer price system that it is not sensitive to changing market forces. Producers often fail to recognise that the real price of any commodity is how much the buyer is prepared to pay, not how much it costs to produce. At the same time consumers able to rely on supplies at a stable producer price tend to *become lazy-minded* and to not see the danger threatened by substitute materials available at cheaper prices until it is too late.

Dealers at a session around the London Metal Exchange's "Ring."

Protection for funds

Free markets point to any such threat much earlier. They also reflect much higher the many other influences—political and economic—that are affecting the price of metals to a much greater extent these days. The chaos in the currency markets, inflation and sharp changes in interest rates are *having a much bigger impact* on raw material supplies and prices than ever before.

It may be anathema to the industry to have metal prices decided on occasions by speculators seeking protection for their funds against inflation and *currency changes* by buying raw materials with a basic intrinsic value. But it is a sign of the times.

Producers are *only likely* to regain control of prices if a new shortage of supplies develops enabling them to call the tune. They may have to wait a long time if the gloomy forecasts of another industrial recession developing at the end of this year prove to be correct.

MEN AND MATTERS

Buying a used President

I note that the newly-elected president of the Cambridge Union, Daniel Janner, 21, son of Labour MP Greville, is continuing his predecessor's policy of drawing guests from a wide spectrum. Eager to continue his climb back to respectability, ex-President Nixon is reported *to want to stop off in* Cambridge on his Far East tour later this year, and Janner is welcoming him with open arms: "I am writing to San Clemente to confirm it," he tells me. "We would certainly welcome him. We want to provide a platform for as many people as possible."

If Nixon does turn up he is assured of a larger audience than the Great Train Robbers, who went along in the middle *of the June Tripos exams* and found themselves with almost no one to talk to.

Apart from Nixon, other *speakers* for the Michaelmas Term include Prince Charles, Reginald Maudling and Jeremy Thorpe, who is to talk on the future of the Liberal Party.

Meanwhile Janner, a law student, will be polishing up his debating skills in Bedford Prison, where he has been invited to dispute the pros and cons of capital punishment with the prison debating society. "They're supposed to be red-hot," he says.

Icy carnival

Carnival time is with us again. The bunting is out in Notting Hill Gate and Carnival '78 is blazing its way towards readiness. A concert tonight, a children's carnival tomorrow and the main festivities on Sunday and Monday.

But there is a certain chill in the air. In 1976 456 people were injured and last year two people were: both years about 60 arrests were made. The Kensington News and Post reports that when the police walk down All Saints Road "the music *stops*, radio are *turned* off, the smiles turn sour and the excitement over Carnival turns into tension."

The police would not tell me what precautions they were taking but say that "certain parts of certain roads may be closed at certain times." Could coloured rather than white policemen not be sent to the Carnival to keep matters calmer? I suggested, only to be told that there are only 80 coloured policemen among the 21,824 police in London.

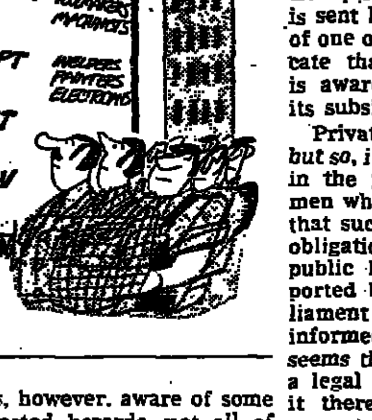
Immigrant leaders frequently complain of police harassment so I asked Scotland Yard what they were doing to stop being considered "the enemy." I was told that until last year's re*cruiting campaign* they *only* had a handful of coloured policemen: "We have the vacancies if they want to apply." Which it *seems they* do not. One can only hope this year's Carnival will help.

Bagpipe blues

The 20th century has pro*duced a number of curious* diseases, of which the latest is the wallet syndrome. Certain types of low back pain have in the U.S. been cured *by a simple* and painless method—removal of the wallet from a man's hip pocket.

Cynics may assume that the so-called walletectomy operation has been practised by American doctors for years, but the wallets causing the trouble do not contain money. The troublesome bulge is usually traced to a pack of credit cards.

Credit card mania has not yet hit Britain, which perhaps explains why the British Medical Association has not heard of walletectomy.



It is, however, aware of some unexpected hazards, not all of which have names. A leading piper recently caught a "very nasty" lung infection from his bagpipes, a BMA spokesman tells me. Pop singer umbilicus is brought on by the hubris of wearing denims without a shirt. Quite unmentionable problems are caused by the cello and the *guitar. The platform shoe syn*drome, bootleg phlebitis, and Beatle haircut blindness are also well chronicled. So, of *course, is television epilepsy*.

Among the few safe modern activities, it seems, are streaking and using the telephone.

Cold comfort

Those doughty investigators into public waste and misuse, the Public Accounts Committee of the House of Commons, usually manage to come up with a gem or two in their reports. Yesterday was no exception.

Tucked away on page 34 of its eighth report was the revelation that the government is in the habit of sending out "comfort letters." At last, Whitehall with a human face, I thought, and began to ask my *colleagues if I was the only* person not to have received one of these missives with the latest tax demand.

That none of us had been so graced is hardly surprising. It transpires that a comfort letter is sent by a firm to the creditor of one of its subsidiaries to indicate that the parent company is aware of the obligations of its subsidiary.

Private companies send them, *but so, it appears, do institutions* in the public sector. The wise men who comprise the PAC say that such letters imply a moral obligation by the state to meet public bodies' borrowings supported by comfort letters: parliament should be kept informed, it writes. But it also *seems that these letters are not* a legal guarantee of a debt. Is it therefore worth the public paper it is written on? The PAC urges that "serious consideration must be given to their implications."

Soft kicks

As reported in this column last week, *the Middle East* is developing a taste for ice-cream. Donald English, managing director of Carter's Gold Medal *Soft Drinks in Derbyshire, tells* me he too is making headway out there. But he says some of the million bottles a month he is selling contain over three times the usual amount of sugar. This is alleged to give a "kick" to beverages such as Cherryade which consoles *the* Arab drinker for eschewing a stronger tipple. The drinks are being sold in special wide-mouthed bottles which, says English, "have a thousand and one uses after they have been emptied." I am still trying to work that one out. I thought Sheherezade was dead.

Observer

The implications of the Allied affair: By CHRISTINE MOIR

The institutions flex their muscles

THE CONFLICT—now developing into open warfare—between the pension funds and Allied Breweries about whether Allied has broken an undertaking to consult its shareholders before using its increased capital to make bids, is the latest and most noisy example of the institutions' new championship of shareholders' rights.

This year there have been two other confrontations. In February a case committee of the National Association of Pension Funds mounted a successful attack against the route by which the U.S. company Allegheny Ludlum was to have acquired control of Wilkinson Match. In July the same body concluded that it was "wrong in principle" for Barclays Bank to raise equity capital by buying the Investment Trust Corporation for shares and then selling it for cash to the Post Office Pension Fund.

The funds declared that the bank's own shareholders should have had first refusal where the company offered shares for cash at a discount to the market price. In the event the high moral tone declined into silence. The committee merely advised its members to abstain from voting on the issue and the deal went through.

Most onlookers believe that the ultimate outcome of the battle with Allied will also be acceptance of the Lyons acquisition as a *fait accompli*. As one merchant banker put it, "they huff and they puff, but little is achieved."

Yet this is not a fair assessment of the impact of a quiet revolution among institutional fund managers. Since the mid-1950s they have occasionally crossed swords on occasion with companies when they thought shareholders' rights were in danger. But in the past couple of years this attitude has strengthened and there is now hardly a fund which would not be ready to accept the mantle of a shareholders' champion and does not espouse the ideal of active participation in the companies they own.

The funds have intervened in company affairs on matters of principle on several occasions—and with effect. Apart from individual cases such as Wilkinson Match where proposals have been altered in shareholders' favour, some major points of principle have also been established:

- That there are so few non-voting shares in companies today is in large part due to the distaste for them expressed by the institutions.
- That companies nowadays do not seek to increase their authorised but unissued capital beyond 25 per cent of their existing equity, and that increases in borrowing powers are normally limited to 2½ times tangible assets, has the same origin.
- That preference shareholders are respected at times of change to the capital structure is due in part to institutional pressure.
- No merchant bank today would back a takeover proposal if shareholders in the company being taken over would be deprived of their due dividend payments.
- Rights issues rather than placings are firmly established as the prime source of new equity capital.

In the light of these achievements—won by the influence the institutions wield—when they club together — it was somewhat disingenuous of the pension funds to claim before the Wilson Committee that no formal machinery exists which would give them an effective voice. Each of the four types of institution, the investment trusts, the unit trusts, the insurance companies and the pension funds, have within their associations standing investment protection committees which can voice their members' worries.

At a higher level there is the Institutional Shareholders Committee, set up under the aegis of the Bank of England to co-ordinate the action of each of the four protection committees. The ISC has not been conspicuously active on its own, though it has an influence through such bodies as the Wilson Committee and the Council for the Securities Industry.

Each of the institutional associations follows a sort of code of "best practice" based on its experience of past interventions. The institutions themselves are reluctant to describe the principles they follow as a "code," although they claim that it is common practice for companies to check with them before going ahead with major proposals in case there is any conflict with the established precedents.

The institutions are unanimous in refusing to enshrine these principles in a formal shareholders' charter. Mr. Edgar Palamountain, this year's chairman of the ISC and also chief executive of the M and G unit trust group, expresses the common view when he says that such a charter would just be "another pious, platitudinous piece of paper."

The institutions are also unanimous that they should only take up cudgels on behalf of shareholders on a case by case basis. Mr. Hugh Jenkins, investment manager of the National Coal Board Staff Superannuation Fund, who has chaired each of the three case committees dealing with Wilkinson Match, Barclays Bank, and now Allied, is adamant on this.

A standing committee continuously reviewing company practice and principles would arouse justifiable resentment, he says. "However, there are times when the basic rules may need dusting down."

The Allied bid for Lyons may be a case in point. Once the actual bid has run its course, some of the institutions believe the time will be ripe for the Stock Exchange to look again at its criteria on what constitutes a change in the nature of a company's business—the key argument between Allied and the institutions.

There are grounds for suggesting the existing criteria are too narrow. At present the Stock Exchange says a company's business will be changed only if more than 25 per cent of its assets or 25 per cent of its profits are to come from a widely different type of activity.

For the most part the institutions will continue to act in specific cases, and usually behind the scenes rather than with the publicity which has accompanied the Allied affair.

Mr. John Storar, deputy chairman of the Association of Investment Trust Companies, says that the institutions "want partnership rather than confrontation. We must not put companies into a straitjacket and make management's already difficult job more difficult by imposing ever more rigid codes of behaviour."

Most of the institutions, particularly the insurance companies, are disposed to do good by stealth and will consider confrontation only as a last resort. They reckon that they are at their most effective in the period before a case committee has been set up and even before a company has announced details of proposed moves. This depends on regular visits to the companies by the fund managers.

Mr. Hugh Jenkins (left) of the National Coal Board Staff Superannuation Fund and Mr. Edgar Palamountain of the M and G unit trust group and chairman of the ISC.

Although this approach is still preferred, over the past year or so more robust alternatives have been increasingly evident. Significantly, where confrontation has taken place—or at least where the intervention has taken place behind doors less firmly closed than before—the lead has been taken by the nationalised industry pension funds.

With the enormous and increasing amounts of money at their disposal these funds will probably become more active as dominant shareholders and they may bring a more militant atmosphere to the arena.

In several respects these funds differ from the insurance companies which hitherto have dominated institutional gatherings. Their managers do not, for instance, have the significant cross-board memberships of general managers of insurance companies. So they are less likely to find themselves in positions where their different interests conflict.

They do not have to raise capital themselves in the public market. So they are not inhibited by a reluctance to throw stones at others who are raising capital. They do not compete against one another in the fierce way the insurance companies do. Thus they are more able to band together and share common interests. In contrast with the unit trust movement pension funds generally are not constrained by the pressure for short term performance. They can afford to take a longer view.

These characteristics of the pension funds may affect the way in which institutional shareholders participate in future in the companies they own, but the underlying pressure for them to be seen to be carrying out their proprietorial function is in any case increasing. The financial institutions are under scrutiny at present to establish whether they are fulfilling their responsibilities. There is also the possibility, in these days of pressure for greater employee and union involvement in companies, that if shareholders fail to exercise their proprietorial rights the vacuum will be filled by other pressure groups.

This pressure is adding to the institutions' awareness of their own interests in a market which they already dominate and where their presence is becoming increasingly oligopolistic. The institutions already own 65 per cent of all the shares of UK companies quoted on the stock market. By the year 2000 that percentage could rise to 84 per cent.

Already it is not possible for the larger institutions simply to back away and "vote with their feet" by selling out of companies whose management performance or style they dislike.

These institutions are being forced to face up to the obligations of permanent ownership. Aside from the individual issues which may distract them over the next six months, they therefore intend to concentrate on convincing company Boards of the desirability and role of non-executive directors.

There will be an increasing tendency for non-executive directors to be nominated by institutions. In many eyes that would be at least half-way towards institutional involvement in management. This changing role may have been thrust upon the institutions but the Allied affair is additional evidence that the change is irreversible.

Letters to the Editor

Readjustment in world trade

From the Economic Adviser, Burge and Co.

Sir, — Is it not likely that the oil price rise of 1973 and competitive price rises of other energy sources subsequently in world markets would have created the immense problems of readjustment in world trade and output which we see today, irrespective of whether exchange rates are fixed or floating?

But the point your correspondents, Mr. Dixon-Fyle and Mr. Glyn, seem to overlook (August 23) is that the Organisation of Petroleum Exporting Countries' members are continuing to underspend their accumulating revenues. The effect is to weaken world demand and therefore employment and output on the one hand, and to inflate monetary assets and currency reserves on the other hand.

Particular Governments, in my view, are endeavouring to solve unemployment problems by creating new demand through enlarging budget deficits without paying due regard to arranging finance beforehand. The British case is a classic example. The consequence is that currency markets, fearing higher interest rates, engineer an outflow of money market funds whenever new budget borrowing measures are expected. Interest rate and exchange rate movements, therefore, are becoming much more volatile.

The movements of international funds are much more rapid as the direct result of market liquidity brought about by circulating OPEC surpluses.

It seems to me that very considerable improvements in exchange rate stability would occur if more Governments negotiated in advance the funds they require for their borrowing needs, either for budget deficit or for trade deficit purposes. The Eurocurrency markets already provide excellent facilities in this regard.

One advantage of the floating rate system over fixed rates is that it does focus the mind whenever trade or monetary policy measures are out of step with world needs.

A. G. Horsnail.
5 Worship Street, EC2.

Enoch Powell for No. 11

From the Conservative Prospective Parliamentary Candidate for Walthamstow.

Sir,—Samuel Brittan does it again! His call (August 23) for Enoch Powell as the next Tory Chancellor is the best piece of news since Sir Keith Joseph went up to speak at Preston.

The strongest case for Enoch Powell's translation to No. 11 is not that he is right—and has been proved right. Not even that the people will believe him when he says he will stop inflation. It is that he can carry with him millions of voters, and especially Labour voters, on whose support any radical change in economic policy depends.

Stephen Eyres.
Larkshall Road, Chingford Park, E4.

Future iron Chancellor?

From the Chairman, The Chelsea Group of Young Conservatives

Sir,—Lombard (August 23) puts forward an exciting proposal but one unlikely to find much support in the Conservative Party if only because there are too many MPs, Party officials and Party members who will never forgive Mr. Powell's call to vote Labour.

Lombard does, however, highlight the lack of an experienced but charismatic "strong man" to control the Treasury and the spending Ministries in a future Conservative Government. Perhaps the solution to Mrs. Thatcher's problems is to follow the example set by Gladstone in 1880 and Baldwin in 1923 and to hold both the office of Prime Minister and that of Chancellor of the Exchequer simultaneously.

Charles Smedley.
25b, Bolton Gardens, London, SW5.

A wasting asset

From the Earl of Shannon

Sir,—I was very interested to see the letter from the chairman of the Inland Waterways Association and others (August 9).

Government is continually impressing upon us that they are concerned with "getting the priorities right" insofar as public expenditure is concerned. Unfortunately, at present for all political parties the immediate priority is to induce the gullible to vote for the plausible and this even transcends the usual pouring of public money down emotionally satisfying but economically unrewarding drains, unless it also assists in achieving the immediate priority.

I would not dream of claiming that a return to the waterways would solve the nation's traffic and transport problems but they can help in this respect and as an amenity must be unique. They are already attracting much needed foreign visitors and currency to this country in spite of their neglected condition.

Investing in and reinforcing success has always been a good maxim and should be applied here; indulging in deliberate and intensive neglect of a profitable asset is neither creditable nor sensible.

Shannon.
House of Lords, Westminster.

An amazing discovery

From Mr. R. Musgrave

Sir,—The Department of the Environment ought to be congratulated on its amazing discovery, namely, that private landlords tend not to be happy with the rent they get, whereas private tenants tend to be happy with the rent they pay (your report, August 19). Given rent controls, what else is to be expected?

No doubt it will soon be conducting surveys to find out how many arms and legs private landlords have, for want of anything else to do. My guess is that landlords on average have two of each, though one cannot be sure about things like this until the Department of the Environment has done a survey of the subject, can one?

R. S. Musgrave.
24, Garden Avenue, Framwellgate Moor, Durham.

Women at work

From Anne King

Sir,—It is too easy to blame the very small numbers of women in management on some facile generalisation about women's supposed inability to think globally or whatever rather than to seek other causes.

The reasons for the paucity of women managers are obvious and well rehearsed. At the time when women would be developing their careers towards management, many are producing children; for most married women, their own careers are considered secondary to those of their husbands, so that in many cases a woman has to leave a firm if her husband has to move his job and frequently she has to take an inferior job in the new location: and because of the time many women are out of the mainstream of commercial and industrial life, they have not got the career patterns nor the experience which employers traditionally seek in managers. It is the old double-ding—you cannot get a job without the experience nor the experience without the job.

I am in a situation where I have a master's degree in business administration but, because of family commitments, etc., I have little or no experience in management to offer an employer. So, in common with many other women who are reasonably highly qualified, I am virtually unemployable because the system of recruitment for managers is based upon the premise that "suitable applicants" would have had a continuous career in industry or commerce.

Many of us who would love to go back to work and offer our skills would appreciate far greater flexibility on the part of employers, especially with regard to accepting that experience outside industry and commerce can be equally valuable for managerial appointments and that there is more than one way to be a good manager.

Anne King.
Yew Tree Cottage, Carterspiece, Coleford, Gloucestershire.

The PR man's role

From Mr. J. Mattison

Sir,—One of the key reasons for the relative failure of Britain's businessmen to speak up on the broadcasting media is their reluctance to discard the niceties of much boardroom discussion for the directness of the TV studio.

Running a big business is extremely complicated. But to get your point across in two or three minutes during an interview, issues may have to be over-simplified. Such over-simplification does not always go down too well with senior colleagues and it is often their reaction, rather than that of the TV audience as a whole, that so many company directors worry about. It is, alas, safer to shut up than to speak up.

In Men and Matters of August 23, Julian Mounter is quoted as referring to the "growing problem of the public relations officer" and suggests that their status in the UK should be increased. I could not agree more. Unfortunately other expressions used such as the PRO's office being "a long disused . . ." are hardly likely to help PR men working in industry at the moment. Too few media people appreciate that the public relations officer is often trying to get his senior executives to be more open in their dealings with the media rather than the reverse. A recognition that PROs can be useful allies rather than a haughty "I never speak to the PR man" would help everybody.

John Mattison.
McLeish Associates.
Tudor House, 24, Tudor Street, EC4.

Low toxicity herbicide

From the Product Development Manager, Agricultural Division, Monsanto

Sir,—I read with interest the article entitled "Bringing out the killer instincts" published on August 18. This article included a number of features about the use and properties of our herbicide Roundup. Unfortunately, there was one embarrassing mistake. It said that "Roundup is no more of a friend to pets than I am. While it is still drying for an hour or so it would poison any cat in your orchard, but as a killer to clear banks" etc. . . .

One of the major features about Roundup is its extremely low mammalian toxicity which is an acute oral LD., of 4,900 mg/kg and an acute dermal LD., of 7,940 mg/kg. This level of toxicity makes it one of the safest herbicides on the market and we have had no incidents of any human, domestic animal or farm animal being in the slightest bit affected by ingesting Roundup.

Michael G. O'Keeffe.
Monsanto, Agricultural Division, Thames Tower, Burleys Way, Leicester.

Investment appeal

From Mr S. Knott.

Sir,—Wood Mackenzie by its own admission has in the past done little research work in medium-sized and small companies. I think it is therefore fair to challenge its submission that these companies are losing their investment appeal.

Medium sized and small companies are likely to out-perform their larger brethren for the following reasons. The managements usually have a significant stake in the company which ensures motivation. They are more likely to be in growth areas which allows a larger return on capital. They are less likely to have union problems. They suffer less interference from Government, the Price Commission and other quangoes.

If the asset value and earning power of a medium sized company are inadequately reflected in market values, there is a substantial chance of a takeover. The prospects of a large company being taken over are small.

S. H. J. A. Knott
(Senior Research Partner),
Greene and Co.,
Finsbury House, 22, Blomfield Street, EC2.

Job laws and small firms

From the Chairman, The Association of Independent Businesses.

Sir, — I refer to your article "Job laws no problem for small businesses" of August 18. Having read the survey, I find it impossible to imagine how your correspondent reached the conclusion summarised in the headline.

No fewer than 24 per cent of those surveyed said they had been affected by the legislation on unfair dismissal and 26 per cent said that it had discouraged them from taking on more employees.

As politicians are now virtually unanimous that it is the smaller firm sector alone which can create a substantial number of productive new jobs, surely legislation which dissuades 26 per cent of smaller firms from taking on more employees needs critical examination.

Since the legislation was introduced we have maintained that it would have an adverse effect on job creation. The Government's own survey has now confirmed that view.

The authors of the survey rightly caution against generalisation from their results. But if a generalisation is to be made, then it is that the legislation is a disincentive to job creation for over a quarter of small firms, not that there is "no problem for small businesses."

Brian Kingham.
Europe House, World Trade Centre, London, E1.

Today's Events

Union officials meeting motor industry component suppliers to discuss proposed Peugeot-Citroen takeover of Chrysler's European operations.

French air controllers resume work-to-rule.

Geneva-based Independent Commission on International Development Issues begins four-day discussions in New York on ways of narrowing gap between rich and poor countries.

United Nations Conference on Law of the Sea continues in New York.

The Conclave of the Sacred College of Cardinals assemble in Rome to elect a successor to Pope Paul VI.

COMPANY RESULTS

Final dividends: F. Austin (Leyton). Second Alliance Trust. Interim figures: Gibbs and Dandy. G. F. Lovell.

COMPANY MEETINGS

Knott Mill, Queensway, Rochdale, Lancashire, 12. Lennons, Abbots Well Hotel, Chester, 12. Scottish and Universal Investment, 7, West George Street, Glasgow, 12. R. W. Toothill, Durham Way, Darlington, Durham, 12.

SPORT

Cricket: Third Test, England v. New Zealand, Lord's. Scotland v. Yorkshire, Glasgow. Golf: Carrolls Irish Open, Portmarnock. British Boys' Championship, Seaton Carew. Show Jumping: Hickstead Derby meeting. Bowls: English Men's Championships, Worthing. Yachting: Half Ton Cup, Poole. Racing: Goodwood and Newmarket.

LUNCHTIME PERFORMANCES

Players from Covent Garden Community Theatre in open-air courtyard of W. H. Smith building, New Fetter Lane, EC4, 1 pm-1.50 pm.

Band concert—Malcolm Burnock, Tower Place, noon-2 pm.

Organ recital—C. Daly Atkinson, St. Stephen Walbrook, 12.30 pm.

Organ recital—David Bruce-Payne, St. Martin-within-Ludgate, 1.15 pm.

EXHIBITIONS

Hayward Gallery exhibition of work by 23 contemporary British artists, South Bank, SE1 (until October 8).

Historical development of heraldry in Britain from its 12th century origins, British Museum, WC1 (until August 27).

Henry Moore drawings, Tate Gallery, Millbank, SW1 (until August 28).

George Romney drawings, Kenwood House, Hampstead Lane, NW3 (until September 3).

COMPANY NEWS + COMMENT

House of Fraser tops £8m at six months

PROFITS BEFORE tax of the House of Fraser increased from £4.63m to £6.93m in the 13 weeks ended July 29, 1978, taking the total for the first 26 weeks of the current year from £5.57m to £8.32m.

Turnover, excluding VAT, for the 13 weeks increased from £115.97m to £133.71m raising the first-half total from £209.58m to £239.32m. For the previous year, pre-tax profits totalled £36.2m on turnover of £492.95m.

The balance attributable to ordinary holders was £3.98m (£2.66m) for 26 weeks giving earnings per share of 3.27p against 2.19p. For the 13 weeks, the figures were £3.32m (£2.22m) and 2.72p (1.83p) respectively.

The interim dividend is being raised from 1.68934p to 1.8865p—the previous year's total was 4.76694p.

The figures for the 26 weeks do not include David Evans and Co. (Swansea) and Highland Tourist (Cairngorm Development) which were acquired on July 7 and July 10. Also, no provision has been made for the profit-linked share plan for employees as the first allocation is dependent on the current year's results.

	26 weeks 1978 £000	1977 £000
Turnover	256,443	224,041
VAT	17,122	14,459
Making	239,321	209,582
Trading profit	14,449	10,574
Depreciation	2,081	2,274
Interest paid	2,050	2,929
Depreciation of properties*	700	—
Profit before tax	8,327	5,572
Tax	4,325	2,897
Net profit	3,992	2,674
Preference dividends	16	16
Attributable ordinary	3,976	2,658

* Provision for depreciation of freehold and long leasehold buildings to comply with new accounting practice. If similar charge had been made in the corresponding period it would have amounted to £600,000 thereby reducing operating profit to £4.97m.

See Lex

HIGHLIGHTS

Second-quarter profits at **House of Fraser** are 50 per cent higher with the provincial stores, which account for two-thirds of sales, making all the running in contrast to last year when Harrods and the London stores flourished on the back of the Arab-led tourist invasion. A disappointing performance overseas has dragged down **Blue Circle's** first-half profits with the group showing a small decline at the pre-tax level despite a *modest improvement from the UK operations.* With a 15 per cent increase in the interim dividend **Sedgwick Forbes** intends to use the new flexible dividend rules. Elsewhere, Newarthill has turned in a first-half shortfall of 41 per cent.

Fife Forge manages small rise

INCLUDING acquisitions, first half 1978 turnover of Fife Forge Company expanded by £1.74m to £3.85m, but profit from trading operations was only £27,716 higher at £223,165. And after exceptional debits, the increase at the pre-tax stage is cut to £5,751.

At the back end of 1977 Fife acquired T. S. Forster and Sons for £800,000; but Forster's profit for the ten months to end 1977 fell short of its forecast and the consideration was cut to £588,000. In March this year, Fife purchased the minority in W L Byers.

In the last annual report, shareholders were told that by diversification the company had moved away from total dependence on the marine market. However, shipping and shipbuilding were still the principal outlets and the recession would continue to pose difficulties during the current year.

The interim dividend for 1978 is being raised from 0.755p to 0.8p net per 25p share; total for the previous year was 2.234p paid from profits of £386,000.

J. Stocks falls in second half

A SECOND-HALF fall from £300,500 to £294,937 at Joseph Stocks and Sons (Holdings) left pre-tax profits for the year to March 31, 1978, behind at £563,582 against £568,376 last time. Turnover, for the full period, was up by £5.74m to £40.8m.

However, a lower tax charge of £265,821 (£323,389) resulted in net profits up at £297,741 compared with £244,987 giving earnings of 33.01p (27.22p) per 25p share. The dividend is increased to 4.329p (3.86p) with a final payment of 3.329p net.

Stocks is a wholesale provision merchant, importer and distributor.

Scottish Inv. shows advance

GROSS INVESTMENT income of Scottish Investment Trust expanded from £3.45m to £3.96m for the nine months to July 31, 1978, split as to, franked £2.57m against £2.13m, and unfranked £1.39m compared with £1.32m.

Gross interest charge was £369,000 (£80,000) and expenses came to £225,000 (£198,000).

At July 31, compared with October 31, 1977, total assets at market valuation amounted to £131,672,000 (£113,674,000) including, where applicable, the full investment currency premium of 48 per cent (36½ per cent) amounting to £15,400,000 (£11,072,000).

Net asset value per 25p share, after deducting prior charges at par, was 136.6p (123.1p).

Since October 31, 1977, the company has completed dollar financing agreements on a reciprocal basis amounting to US$13.5m, the sterling counterparts of which are included in total assets. In addition at July 31, 1978, there were short-term bank loans outstanding of $2.75m ($6.5m at October 31, 1977).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Aeronautical	2.55	—	2.29	2.55	2.29
Allied Insulators ......int.	1.65	Oct. 7	1.5	—	4.13
Blue Circle ......int.	3.22	Oct. 16	2.89	—	9.34
Fife Forge ......int.	0.8	Oct. 2	0.75	—	2.23
House of Fraser ......int.	1.89	Dec. 6	1.69	—	4.77
Lec Refrigeration ......int.	1.05	Oct. 14	0.96	—	2.59
Orme Developments	1.5	Sept. 29	1.3	2.7	2.6
Rights & Issues Inv. ...int.	1	Oct. 9	—	—	2.33
Sedgwick Forbes ......int.	4	Oct. 13	3.5	—	9.59
Smith Wallis ......2nd int.	2.42	Oct. 17	2.06	3.42	3.06
J. Stocks	3.33	Sept. 29	2.86	4.33	3.86
Sunbeam Wolsey ......int.	0.96	Oct. 5	0.86	—	2.74
Thames Plywood	1.25	Oct. 13	1.13	2	1.82*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Aero and defence orders boom for Dowty Group

AEROSPACE AND defence orders on hand at Dowty Group at March 31, 1978 were 54 per cent above those at the beginning of the year to a record level. Added to this, the value of forward programmes now exceed £300m, which in itself provides a high degree of confidence for the achievement of a substantial volume of business for some years to come, says Mr. Robert Hunt, the chairman.

In the military field the group is increasing the rate of output for the Tornado aircraft which is potentially the largest military aircraft programme with which it has been associated for the past 25 years. It has also been successful in obtaining orders from the Middle East for various types of equipment and the directors confidently expect further export orders will be obtained for equipment on both the Harrier and Jaguar aircraft for which the company is major supplier.

On the civil side it continues to supply equipment for the Boeing 727, 737 and 747 aircraft, all of which are selling well. In addition, the A300B (Airbus), B.Ae 748, Lockheed TriStar, Fokker F.27 and F.28 aircraft remain in production, thus providing the group with a valuable amount of original equipment and product support business, he says.

The first set of landing gear for the Canadair Challenger aircraft *was delivered on schedule and* this programme, together with other new aircraft projects which are likely to be announced during the current year, should add eventually to the group's present high volume of business. A number of new products are currently under development which the directors believe have excellent potential, Mr. Hunt adds.

Following the serious fire at aero-parts producer Dowty Rotol in April this year it will be some time before rebuilding is completed, but the management is confident there will be no material effect on the current year's trading. However, full recovery may not be evident until the second half.

The revitalisation of the coal industry has given further impetus to the development and introduction of advanced technology in mining, particularly in the extraction of coal at the face and its transportation underground. Dowty's mining machinery companies have established a technological lead in the design and development of shield type supports and electro-hydraulic control systems, together with a new range of robust armoured face conveyors, and a whole new range of its high technology equipment is being installed in increasing numbers by the National Coal Board.

Ultra Electronics Group, acquired at the beginning of 1977-78, made a very worthwhile contribution to both sales and profits. The order book for the electronics division is very healthy and a satisfactory contribution to the group should be made during the current year, the chairman says.

As reported July 20 group sales advanced to £188.4m (£136.3m) in the year to March 31, and taxable profit expanded from £18.07m to £25.04m. Because of the widespread geographical nature of the group it proved impracticable to produce a current cost statement along the Hyde Guidelines at short notice but a provisional CCA statement shows profit cut to £14.7m (£10.5m) by additional depreciation of £2.7m (£2.1m), and extra cost of sales of £8.4m (£6.6m) less a gearing adjustment of £0.8m (£1.2m).

The net dividend is raised to 4.465p (4.18p) per 50p share.

Cash inflow for the year was £3.27m against a £1.05m outflow last time. Year-end bank loans and overdrafts were down at £922,000 (£3.13m) and cash, bank and deposit balances £8.41m (£1.99m) and disposal has been made of £4.9m short-term investments.

Graig warning on further disposals

It may be necessary for the Graig Shipping Company to sell another of its vessels in due course to meet its cash commitments, Mr. D. I. Williams, the chairman, says in his annual report.

This follows the recent sale of MV Graigaur. Provision has been made for the loss on that sale of £620,902 after related tax.

The chairman says it was necessary to sell the vessel to improve liquidity and the group can now meet its financial commitments to the middle of next year.

Mr. Williams says it is regrettable that UK owners are being forced to sell vessels at knock-down prices to foreign owners, in order to service their loan commitments on the rest of their fleet. "These vessels will inevitably be our competitors in years to come," he says.

With the possibility of obtaining a moratorium on two new vessels, MV Graigwen and MV Graiglwyd, the chairman went to Japan in March to put a scheme to Exim Bank for consideration.

"I regret to say I was not even allowed the courtesy of an interview with Exim Bank and the only assurance I could get was that Hakodate Dock would put the scheme before the Japanese Shipbuilders' Association. Since then we have heard nothing and the Japanese seem to be inflexible in their attitude towards helping their overseas customers when Japan is showing an enormous trade surplus.

"I cannot help feeling that such harsh treatment will be remembered by the shipping fraternity as a whole and will rebound on the Japanese in the future."

Although the general outlook for the freight market is depressing, a slight improvement has been seen in recent months, says Mr. Williams. However, this is not sufficient to justify undue optimism.

For the year ended March 31, 1978, a loss before tax of £1.49m was incurred compared with a £642,659 deficit previously. The dividend is cut from 16.49p to 8p.

The group's holding of copper wire bars was disposed of at a loss of £192,107 but the stocks of vintage port were sold for a profit of £51,676.

Meeting, Cardiff, September 15 at noon.

Newarthill declines to £4.65m at six months

AS EXPECTED, profits before tax of Newarthill at £4.65m for the six months to April 30, 1978, showed a reduction over the exceptional figure of £7.85m for last year's same period.

When reporting *an upsurge* in profits from £3.24m to £11.55m for the 1976-77 year, the directors explained that in the construction sector, the partial recoupment of past losses, the settlement of claims on completed contracts and satisfactory profits on current contracts had combined to produce an exceptionally high result.

They now *say that while the* downward trend will probably apply to the full year results, the current level of business is nevertheless holding up quite well.

Sales for the six months were down £5.7m at £72.5m. After tax of £2.5m (£4.2m) and an extraordinary credit this time of £196,000, retained profits emerged lower at £2.2m *against £3.52m.*

The group does not pay interim dividends—last year's single payment was 4.84p net per £1 share.

Principal activities of the group are construction, property and investment and aircraft chartering.

● comment

After last year's exceptionally high profits, it was obvious that Newarthill was not going to break any records this year. An unusually large amount of work was completed last year, leaving the company to wrestle with the real problems of a depressed construction industry. However, the first half results—profits 41 per cent lower on a sales downturn of 7 per cent—were disappointing and the shares dropped by 8p to 159p. The big investment at Ardyne in Scotland is proving a bit of a white elephant at the moment because of the fall off in demand for concrete oil platforms, and generally, the workload is light. On doubled first half earnings the prospective p/e is 6.1 while the yield is 4.6 per cent (maintained dividend).

Lec nears £1m mark at halfway

FOR THE *first six months of 1978,* taxable profits of Lec Refrigeration advanced from £571,000, to £907,000, on turnover of £15.4m against £14.04m.

In the previous year, profits fell from a peak £1.77m to £1.64m, but in the last annual report, the directors said the company was well placed to retain its position and to take advantage of any uplift in demand.

Tax for the half-year took £520,000 (£455,000) and earnings improved from 6.88p to 7.89p per 25p share. The interim dividend is 1.05163p (0.956030) net—last year's final was 1.65817p.

UDT stockholders funds increase to £63m

The June 30, 1978 group balance sheet of United Dominions Trust shows that stockholders' funds have risen by £5.6m to £63.3m.

Cash and short term funds are down from £213m to £146m, customers' and other account from £722m to £678m, and amounts receivable under customers outstanding commodity market contracts from £197m to £68m, less customers' current accounts for those dealings £92m (£270m)

On the liabilities side, subordinated loans and loan capital stood at £26m, against £39m, and deposit current and other accounts were £759m compared with £793m a year earlier.

	June 30 1978 £m	1977 £m
Use of funds—		
Cash, short-term funds	145.0	213.1
Quoted investments	19.0	24.2
Customers, other accounts	677.5	721.9
Commodity market	67.7	197.3
Assets on hire or lease	44.7	19.9
Trade investments	4.4	8.6
Equipment	6.0	6.0
Properties	26.4	[illegible]
Goodwill	—	[illegible]
Taxation, etc.	42.9	35.8
Commod. market dealings	92.1	270.6
Total	[illegible]	909.1
Source of funds—		
Ordinary, pref. capital	31.7	31.5
Reserves	32.0	[illegible]
Stockholders' funds	63.5	57.7
Minority interests	7.2	16.7
Subordinated loans	25.9	[illegible]
Tax	.1	[illegible]
Deposit, current accounts	758.8	[illegible]
Total	[illegible]	909.1

A territorial split of the funds employed shows (in per cent): UK 68 (59); Europe 13 (11); Australia and Hawaii 10 (11); North America 6 (5); and Africa 3 (14). During the year the group sold UDC Bank in South Africa and reorganised its activities in Australia.

In the year ended June 30, 1978 the UDT group showed substantial progress on all fronts, with profits before tax increasing from £12.2m to £17m, as reported on August 17 in a full preliminary statement. The chairman, Mr L. C. Mather, says he looks to the future with quiet confidence.

During the year $1.5m of the U.S. dollar capital bonds 1988 were purchased and cancelled; $0.5m were repaid in satisfaction of the third annual redemption instalment on December 1, 1977. At *June 30, $2.5m were held and not* redeemed: of this not less than $1m will be applied in satisfaction of the fourth instalment due on December 1 this year.

With reference to the group's U.S. dollar notes 1978-89, notes with an aggregate value of $4m were prepaid at par in satisfaction of the instalments of $1m each *due on March 1 in the years 1978* to 1981 inclusive.

A professional valuation of the group's major freehold and leasehold properties at March 31, 1978, gave rise to a surplus of £4.2m over book value, of which £0.8m is attributable to minorities.

On July 23, Eagle Star Group held 10.01 per cent of the UDT ordinary, 13 per cent of the second preference, and 7 per cent of the third preference. Prudential Assurance held 26.41 per cent of the ordinary, 6.32 per cent of the preference, and 6.55 per cent of the second preference. The 10 per cent fourth convertible preference stock (which carries restricted voting rights) is held as to 16 per cent by Eagle Star and 84 per cent by the Pru.

Meeting, Baltic Exchange, St. Mary Axe, EC, September 20 at noon.

Thames Plywood falls to £191,000

Further decline in taxable earnings in the second half from £197,903 to £120,271, at Thames Plywood Manufacturers left full year profit for the year to April 30, 1978, down to £191,271, against *£271,903. Sales improved by* £0.67m to £2.49m.

After tax of £38,248 (£135,104) however earnings per 25p share were higher at 6.38p (5.7p). A net final dividend of 1.25p effectively lifts the total to 2p (1.815p).

There was an extraordinary debit of £11,562 (£136,799). Comparative figures have been adjusted to exclude a subsidiary sold during the year.

Sedgwick Forbes optimistic

THE DIRECTORS of Sedgwick Forbes, insurance broker and underwriting agent, have not yet seen any signs of the hoped for turnround in economic conditions in any of the major areas of the world from which the company derives its business, says Mr. P. F. Wright, chairman, in his interim statement.

Nevertheless, he adds, they have no reason to believe that results for 1978 will be other than satisfactory, in the light of current conditions.

The interim dividend is *increased from 3.5p to 4p net per* 10p share and the directors propose a final payment, taking advantage of the flexibility permitted under the current dividend control regulations—last year's final was 6.09p from record profits from £23.19m.

See Lex

Upsurge at Smith Wallis

FOLLOWING HIGHER midway profits of £186,659 against £62,655, Smith Wallis and Co. finished the March 31, 1978, year with a jump from £105,909 to £341,279 pre-tax. Turnover rose £0.33m to £2.08m.

After tax of £179,759 (£55,307), net profits improved from £50,602 to £161,520. Earnings per 25p share surged to 16.2p (5.1p), while a second interim of 2.419p in lieu of a final, makes the total payment 3.419p (3.06p) net.

The group manufactures brass, zinc and aluminium fittings.

Rights and Issues first half increase

First-half 1978 gross revenue of Rights and Issues Investment Trust rose from £59,844 to £86,160 and after interest and expenses, pre-tax revenue came out ahead at £57,046 against £50,968.

The Trust has joined the interim dividend list with a 1p net per 25p income share payment—last year's single payout was 2.225p *from profits of £130,064.*

Tax for the half year took £19,554 (£17,838) leaving net revenue at £37,492 compared with £33,130.

Sunbeam Wolsey ahead

FIRST HALF 1978 turnover of Sunbeam Wolsey expannded from £9.89m to £11.12m and taxable profits were ahead at £415,000, against £363,000. The directors say that present indications are that second half profits should show a similar trend.

For the whole of 1977 profits advanced from *£457,921* to £915,293.

The net interim dividend payment is increased to 0.9625p (0.8625p). The company manufactures hosiery and knitwear and is based in Cork, Eire.

Lower profit for NBH

AUSTRALIA'S North Broken Hill Holdings reports net profits of A$15.61m (£9.29m) for the year to June 30 compared with A$17.29m *in the previous year.* A final dividend of 5 cents makes an unchanged *total for the year* of 8 cents.

The value of mine production rose to A$43.39m from A$42.35m thanks to increased sales and prices for lead and silver, but mine expenditure also rose in line with higher labour costs and increased interest charges.

Reduced grain production arising from seasonal conditions resulted in a loss on rural operations. Investment income at A$12.08m was A$500,000 down on the previous year when there was the delayed receipt of a dividend. North Broken Hill shares were 126p yesterday.

First half downturn by Braime

Although turnover was better at £1.42m compared with £1.36m, pre-tax profits of T. F. and J. H. Braime (Holdings), deep drawn press work specialist, declined from £191,711 to £136,521 for the first half of 1978.

The interim dividend is maintained at 1p net per 25p share. For the whole of 977, payments totalled 3.3275p from record tax*able profits of £321,039.*

MILLS & ALLEN

On August 21, 1978, Mills and Allen International purchased for redemption 132,000 cumulative redeemable first preference shares at 72½p per share.

Blue Circle reaches £21m in first six months

AS EXPECTED, profits before tax of Blue Circle Industries for the first half of 1978, at £21.3m, are very close to the £22.3m achieved in the same period last year. Turnover amounted to £198m compared with £177.3m.

In May, the directors said that since the end of the first quarter, deliveries had picked up and with price increases they were hoping for pre-tax profits at midway roughly similar to last year's figure.

Earnings per £1 share are shown at 12p against 10.6p and the net interim dividend is lifted from 2.89p to 3.22p—the total last year was 9.3423p on record pre-tax profits of £60.5m.

On UK operations, the directors say although bad weather in the first three months of the year affected demand and some sales were lost in June as a result of industrial disputes, home deliveries of cement were maintained at 4.3m tonnes, the same level as in the first half of 1977.

The market is showing some improvement and the Board expects home deliveries for the full year to be slightly ahead of last year.

Export shipments in the first six months were 960,000 tonnes, an increase of 28 per cent on the first six months of 1977. Directors do not, however, expect that shipments will exceed this volume in the second half year.

Home cement prices were increased after investigation by the Price Commission. The Board had intended implementing these increases on March 1 but due to the investigation they were implemented, with minor modifications, in two parts on March 8 and June 1 and the delay resulted in loss of revenue amounting to £2.8m.

Profitability of the group's non-cement activities in the UK continues to be satisfactory. BCA became a wholly-owned subsidiary on April 21 on the acquisition of the minority shareholding.

Profits derived from overseas operations were slightly lower during the period principally due to production difficulties in Nigeria and a weak market in South Africa.

However, the new cement works at Shagamu in Nigeria was commissioned in the second quarter of the year and there have been significant and long-awaited price increases in Nigeria and in a number of other overseas territories. Profitability should therefore improve materially in the second half.

Overseas profits represented 51 per cent (55 per cent) of the group share of profit before tax for the half-year.

The group is continuing its policy of charging depreciation on the depreciated replacement cost of its assets in the parent company, its subsidiaries and principal associates.

The charge in respect of the parent company and its subsidiaries for the first six months was £13.8m (£13.1m). Had depreciation been based on historical costs, profits before and after taxation would have been increased by £10m.

The current cost net profit for the six months was £9.2m.

The tax comprised corporation tax £6.9m (£7.9m) overseas tax £1.1m (£1.8m), associate's tax £3.5m (£2.9m) and Government grants credit £0.6m (£0.7m).

In calculating the Corporation tax figure for the half year, capital allowances have been based on actual capital expenditure in the period. The tax charge for the full year will depend on the amount of capital expenditure during the remainder of the year.

Deferred taxation has only been provided in respect of certain overseas companies where there is a reasonable probability that such tax will become payable in the foreseeable future. The tax charge for the six months to June, 1977, has been restated.

The group, formerly Associated Portland Cement Manufacturers, changed its name in June this year.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Alliance Trust, Investment Trust of Guernsey, Norvic Securities.

Finals—F. Austin (Leyton), Samuel Heath, S. Hoffnung, Kamunting Tin Dredging, Second Alliance Trust.

FUTURE DATES

Interims—	
Bartop and Sons	†Sept. 12
Britannia Arrow	Aug. 29
British Syphon Industries	Sept. 12
First Castle Securities	Aug. 29
Grovebell	Aug. 30
Oliver (George) Footwear	Sept. 14
Quick (H. and J.)	Aug. 30
Rotork	Sept. 8
Spencer (George)	Sept. 1
Willis Faber	Sept. 12
Finals—	
Assam Investments	†Sept. 7
Centrovincial Estates	Aug. 30
Gripperrods	Aug. 30
Sobranie	Aug. 31

† Amended.

Allied Insulators first half setback

EXTERNAL SALES of Allied Insulators were ahead from £6.32m to £9.32m but pre-tax profits for the first half of 1978 fell from £691,000 to £605,000. Profit for 1977 was slightly off the previous year's peak at £1.46m.

Mr. Alan Lloyd, chairman, says that taking account of increasing foreign competition, primarily as a result of the stronger pound and particularly affecting the High Tension, Bullers Engineering, and Low Tension divisions, the marginal increase in trading surplus, from £827,000 to £842,000, represents "a not inconsiderable achievement."

Following the increase in volume of production and sales came a pressure on trading margins, he says, resulting in higher finance charges of £73,000 against £33,000, for the increased provision of working capital.

The second half opened with order books at a greater level than the same time last year, Mr. Lloyd adds, and an increase in profits, compared with the first half, have been budgeted for. This includes six months trading of Blakey's (Malleable Castings), acquired during the period for £1.05m and 751,515 shares.

The interim dividend is stepped up to 1.66p (1.5p) net per 25p share—last year's final payment was 2.625p.

Although A.M.E. at Gateshead was the only business to trade at a loss, results at both the Low Tension Products factory at Longton and the Unilator Technical Ceramics division at Ruabon were below expectations.

RFD Group makes an encouraging start

THE NEW year has started with a strong order book at RFD Group and has given an encouraging start, Mr. D. R. B. Mynors, the chairman, says in his annual report.

However, uncertainties in the world economic outlook and the narrowing of margins in several markets make it difficult at present to forecast what the profit is likely to be for the year, says Mr. Mynors.

For the year ended March 31, 1978, profits before tax rose from £3.16m to £3.45m on turnover of £18.75m (£15.97m). On a CCA basis, profit was reduced to £3.12m after additional depreciation of £171,000 and adjustments for cost of sales, £167,000 and gearing, £11,000.

The balance sheet shows a significant drop in liquidity due mainly to the financing of increased working capital expenditure on acquisitions and reconstruction of the Godalming site together with further tax payments. Nevertheless, the group is still in a strong financial position, the chairman says.

Some slowing down in the growth of profits was to be expected as a result of a reduced rate of inflation, leading to lower profits on stocks, and the steadying in the value of sterling which adversely affected the results of overseas trading. There was also an adverse result in Holland, resulting in a downturn of over £290,000 compared with last year, and disruption from renovations at the Godalming factory which adversely affected results from operations based there.

The renovation of the Godalming factory had been proceeding throughout the year and is by no means completed while the directors have also decided in principle to embark on a further round of re-equipment at the Perseverance Mill. The first step will be the installation of a number of high-speed water jet looms at over £600,000; this should be completed during the present financial year.

In the U.S., directors purchased a 55 per cent interest in the inflatable raft business built up by the Patten family which has now been renamed RFD-Patten, Inc., located in Florida. Since the end of the financial year the Board purchased the Security Parachute Company near Oakland, California (now renamed GQ-Security Parachutes, Inc.).

None of these acquisitions is large in itself, says the chairman, but next year they should make a useful contribution to group profits, progressively increasing thereafter.

Meeting, Winchester House, E.C., September 15 at noon.

Aeronautical rises to peak £0.32m

ON TURNOVER little changed at £2.87m against £2.86m, pre-tax profits of Aeronautical and General Instruments increased from £279,269 to a record £320,824 for the year to March 31, 1978.

At the interim stage the directors reported profits ahead at £142,347 (£133,227) and said that the steady improvement in the company's affairs was continuing and they expected full year's results to show an increase.

They now say they believe that over the foreseeable future the company should be able to realise a steady growth pattern.

Net profit came out at £148,196 (£135,169) after tax of £174,628 (£144,100) giving earnings of 8.84p (8.15p) per 25p share. The dividend is lifted to 2.5531915p (2.2564375p) net.

Letraset sees continued growth

THE STABILITY and strength of the worldwide market position of Letraset International provides the directors with the confidence that the group can anticipate continuing growth in the 1978/79 year, Mr. W. Fieldhouse, executive chairman, tells members.

Letraset has entered a new phase of development, he says, following the acquisition of J. and L. Randall in May 1978: "The company now has a substantially enlarged equity base, which provides a combination of financial security and flexibility to support the long term growth of the group."

As reported on August 10, in line with a forecast of "in excess of £7m," pre-tax profits for the year to April 30 rose by 12 per cent from £6.64m to a record £7.41m. Sales advanced 17 per cent to £83.57m and the dividend is stepped up, with Treasury permission, to 3.3949p (2.82681p).

BANK RETURN

	Wednesday Aug. 23 1978	Inc. (+) or Dec. (−) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	[illegible]	—
Public Deposits	[illegible]	[illegible]
Special Deposits	[illegible]	[illegible]
Bankers	[illegible]	[illegible]
Reserves & Other Accts	[illegible]	[illegible]
	[illegible]	[illegible]
ASSETS		
Govt. Securities	[illegible]	[illegible]
Advances & Other Accts	202,614,769	− 7,451,405
Premises, Equip't & other Secs	[illegible]	318,267
Notes	[illegible]	+ 10,325,474
Coin	[illegible]	[illegible]
	1,373,531,115	− 30,305,465
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	8,676,000,000	+ 50,000,000
In Circulation	8,651,361,564	+ 39,676,526
In Bank'g Dept	23,638,436	+ 10,323,474
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs.	7,658,734,146	+ 107,963,965
Other Securities	973,252,754	− 57,963,965
	8,676,000,000	+ 50,000,000

MINING NEWS

Comalco living in less prosperous year

BY KENNETH MARSTON, MINING EDITOR

AFTER THE strong performance achieved in 1977, lower earnings for the half-year to June 30 are reported by the Rio Tinto-Zinc group's Australian aluminium arm, Comalco. After provision for an unrealised exchange loss of A\$2m on the future repayment of long-term loans, Comalco's net profit for the past six months amounts to A\$16.32m (£9.7m) compared with A\$18.3m a year ago.

The interim is being reduced to 4.5 cents—it does not apply to the shares arising from this year's rights issue which rank only for the final dividend—from 5 cents last year when the final payment was 7.5 cents.

Bauxite shipments were 13.8 per cent down on the same period of last year because of a reduced availability of ore carriers while sales were affected by the high levels of stocks already held by Comalco's customers. The over-supply situation is expected to continue for the rest of this year.

Comalco's ownership of the Queensland Alumina plant has been increased to 30.3 per cent and as a result the company's sales of alumina processed by the plant will be substantially greater this year. Because of economic uncertainties and Australia's industrial unrest Comalco gives no profit forecast for the year, but still expects that the total will fall short of that for 1977.

Buying into Lornex mine

Pointing out that it is often cheaper to purchase interests in established mining operations these days than to develop new properties, Dr. N. B. Keevil, president of Canada's Teck Corporation, has said that the situation needs to be reversed. Development of new mines and the creation of jobs needs encouragement, he said, and he called for governments to adopt policies which would reduce the cost of financing new capital projects.

He was commenting on the agreement whereby Teck and Brameda Resources are to acquire a majority interest in Yukon Consolidated Gold Corporation which has a stake of 21 per cent in the big Lornex copper-molybdenum mine in British Columbia. A further 67.5 per cent is owned by the Rio Tinto-Zinc group's Rio Algom.

Teck will purchase 22 per cent of Yukon from Atlantic Assets Trust of Edinburgh for C\$8.1m (£3.69m) plus 444,444 "B" common shares of Teck. This will make the Scottish trust the third largest shareholder in Teck.

Brameda will acquire all the "C" shares and 63 per cent of the "B" shares of Woodford Investments, an Atlantic Trust subsidiary, and will make a public offering for the balance at C\$15 per share. Full acquisition of Woodford would give Brameda a 32 per cent stake in Yukon. Shares of Yukon were 173p yesterday.

هكذا من الاصل

BIDS AND DEALS

Orme turns down Comben—significant profit rise

The directors of Orme Developments have unanimously advised their shareholders not to accept the Comben Group's offer. In a formal rejection letter they say they believe that Orme's profits will improve significantly both in the current year ending April 30, 1979, and in future years and that this is one of the main reasons for Comben's offer. They also say that Comben wishes to acquire Orme's "very valuable" land bank at less than its full value.

In line with the interim statement, Orme has shown a "very substantial improvement" in the second half. Profits over this period were £440,000 pre-tax (£479,000) for an overall total of £604,000 for 1977-78, against £1,036,000. Turnover on the year rose from £12.78m to £13.93m. Fully diluted earnings are 3.22p per share against 5.13p. A final dividend of 1.5p per share is proposed making a total of 2.7p (2.6p).

Orme expects to recommend for the current year an increase in total dividends, although the payment will depend on the actual level of profit achieved, taxation and the need to retain earnings. Treasury has given permission for total dividends of 3.5p net per share, an increase of 29.6 per cent over 1977-78.

Although Comben has criticised Orme's profit record, Orme's profits before tax, measured as a percentage of turnover, have been over twice as good as Comben in 1975, 1976 and 1977 and only in respect of 1978 has Comben been able to improve on Orme's record, and then only marginally, the Orme directors state.

Orme has commissioned professional valuations of nearly 80 per cent of its land bank. As at May 1 this revealed a surplus of £6.7m after tax. As a result net tangible assets per share increase to 72.3p.

Valuations of the remainder of properties are in progress. The directors say that Comben's offer, ignoring the final dividend for 1977-78 which Comben will not allow if its offer becomes unconditional, undervalues the net assets of Orme by £2.9m or 16.1p per share.

Wadham pays £1.06m for H. Beare

Wadham Stringer has agreed to buy H Beare and Sons, agricultural machinery distributor and engineer, for £1,055,000 cash.

Beare operates from Cornwall, Devon and Dorset. The distribution agreement for International Harvester Agricultural Tractors is held at all of these locations and International Harvester Company has confirmed that this will continue. In addition, the company distributes a full range of agricultural equipment.

Pre-tax profits of Beare for 1977 were £235,000 and management accounts indicate improvement for the first six months of 1978. The net asset value at December 12, 1977 was £932,000.

Preussag and AMC agree on independent operations

IT HAS been agreed that Amalgamated Metal Corporation will remain an independent company run on the basis of the policy of the directors if the bid by Preussag becomes unconditional. This is made plain in the letter by Sir John Saunders, chairman of AMC, in Preussag's offer document.

In a "memorandum of understanding" Preussag has also agreed that AMC should continue to follow a fair and proper dividend policy. Meanwhile, Preussag would have four nominees on the Board of AMC in the place of the four existing nominees of Patino NV.

The independence of AMC seems to have played an important part in making the leading board members remain with the company. After referring to aspects of the independence Sir John writes, "in these circumstances, and with the agreement of Pressag and my board colleagues, I shall continue to be chairman and Mr John Walton will continue as managing director and chief executive."

The offer for AMC has been made purely because Preussag was required under the Take-over Code to do so when it agreed to buy 53.6 per cent of AMC from Patino. Preussag does not want complete control of AMC and the AMC board is recommending shareholders not to accept the offer.

The share offers are unattractive, writes Sir John, because capital gains tax and the investment currency premium would be payable. The cash offer meanwhile, is below the current market price. So the board is recommending shareholders to retain their holdings.

Only one misgiving is apparent. Sir John writes that the already restricted market in the shares might become even more narrow if many shareholders accept the offer. Sir John also notes that another major shareholder, Nordeutsche Affinerie has been increasing its stake recently.

Nordeutsche itself has not yet reached a decision on whether to acept the offers or not, but its nominees on the AMC board joined in the recommendation for other shareholders to reject them.

DIMPLEX

The shares of Dimplex Industries, the collapsed central heating unit manufacturer, are worthless, the receiver told shareholders yesterday.

Mr. W. Sowman, of accountants A. C. Palmer, yesterday described his efforts as the company's receiver, first to effect an offer for Dimplex and, failing that, to sell the business as a "going concern."

This also failed and eventually most of the manufacturing assets were sold on their own. Now only the company's freehold properties remain to be sold and the total proceeds will not meet the full demands of creditors.

Staflex sells some overseas interests

Staflex International, the troubled fusible interlining specialist, should be fully profitable, albeit a much smaller group after shareholders agree to certain sales in the Far East, South Africa and Europe, Mr. Irwin Bellow, the chairman, told shareholders in a circular yesterday.

The circular contained details of the sales which the company had foreshadowed last month. In the Far East, Staflex will be selling out its manufacturing rights in Singapore and Japan to Dynic, its former licensee. Dynic will pay only £1 for the companies involved but will take on their £1m debt. The Far East lost £254,000 in the first five months of this year. These will now be cut off and some £700,000 of debts deconsolidated.

In South Africa the subsidiary is to be sold for £290,000 (net asset value).

In Europe it is the entire distribution network which is to go, leaving Staflex with the Dutch factory which will become a commission finisher and coater of interlinings. An offer for the distribution division was made yesterday by Dominion Textile, a Canadian company which already markets specialised fabrics to Europe's shirt makers. No price has been announced.

The impact of Staflex, the chairman says, will be first a major reduction in interest costs and secondly, "a progressively improving balance sheet."

A pro-forma balance sheet outlining the effects of the proposed sales, reveals that current assets will decline by £3m to £14m and current liabilities by £3½m to £16.5m (largely by a £1.75m reduction in overdrafts and a £2m drop in creditors). Net current liabilities fall to £2.6m (£3.2m).

Shareholders' funds, including £400,000 of goodwill (£744,000) would amount to £637,000.

The company's net borrowings at the end of June, however, still stood at £11m in addition to sizeable bank bills payable and other contingent liabilities and guarantees.

This obviously still represents a critical position but, although Staflex's bankers refused late in July to provide additional facilities, they have agreed to maintain existing facilities for the time being.

Shareholders are asked to agree to the proposed sales and to the reduction in the company's assets at an extraordinary meeting called for immediately after the annual meeting on September 8.

Edbro to buy U.S. distributor

Edbro Holdings, maker of hydraulic hoists for trucks, is buying its U.S. distributor Ontario Equipment for $1.1m as part of its intention to grow in U.S. markets.

Edbro is designing hoists specially for the U.S. market, which will be built partly at existing factories at Bolton, where there is an investment programme approaching £1.5m, and partly at a new plant being built in the Republic of Ireland.

Last year Edbro sales in the U.S. were around £250,000 but Mr. Larry Tindale, chairman, said yesterday that he hoped they would be substantially up this year, and more particularly next year.

The chairman told shareholders at yesterday's AGM that so far this year there had been a healthy order intake in all sections of the business and sales were well up on last year, although last year the group had a rather difficult time in the early stages. He added that sales so far were, however, "ahead of our expectations."

His forecast that profits would be ahead this year, "remains as true as any forecasting can ever be."

To help with its investment programme, Edbro had arranged a new £2m medium-term loan facility.

ASSOCIATES DEAL

J. Henry Schroder Wagg and Co. on August 23 purchased 45,000 Imperial Group ordinary shares at 86½p on behalf of associates.

Allied votes still being counted

BY CHRISTINE MOIR

THE pension funds' special committee on Allied Breweries, was last night still counting the votes it had received in support of its call to requisition a shareholders' meeting at Allied. Mr. Hugh Jenkins, who is chairing the committee, said it would be meeting today to take stock of the position.

Meanwhile Allied continues to say that it "cannot impose a new term on Lyons as the proposed resolution envisages."

Lyons is reserving its position about whether it would agree to a new condition amounting to prior consultation with Allied's shareholders, and Allied has not approached the Take-over Panel over its attitude.

The Panel has in the past consented to new conditions being introduced into bids although only infrequently. In one such case it was discovered after terms were announced that Australian shareholders' consent was required.

More significantly there has been at least one case where a shareholders' meeting had to be called after an initial announcement of a bid which did not include such a meeting as one of the conditions.

KUNICK QUOTATION CANCELLED

The share quotation of Kunick Holdings, manufacturer and wholesaler of fashionwear, has been cancelled at the company's own request. This is because the market value of the company's equity is well below the Exchange's minimum of £½m, even after allowing for the pending rights issue.

However dealings will be allowed under rule 163(2).

This move follows shareholders' approval at a meeting on August 15 for the acquisition of Katina Fashions, and premises in Lyme Street and Georgiana Street in North London, and the increase in the authorised capital allowing a £110,000 rights issue to go ahead.

Kunick's shares were suspended several months back at 5½p.

The acquisition of the Katina company for 1m shares includes Monet of London which specialises in fashion goods mainly for the younger market, and Chatters Shirt.

Arrangements have also been formalised with Industrial and Commercial Finance Corporation (ICFC) to provide loans totalling £225,000 towards the purchase price of the two London properties.

An extraordinary meeting has been convened for Friday September 15 for shareholders to consider the proposed arrangements with ICFC and to effect the necessary increase in capital and changes to the company's Articles.

The directors of Kunick will be taking up their rights entitlement of 174,000 shares. Apart from three other individual holdings ranging from 5 to 7 per cent of the capital, the shares are held in fairly small packets by some 500 people. Talisman Securities is underwriting the one-for-one issue at par (10p).

The directors of Katina have informed Kunick that in the year ended May 1978 profits will be not less than £49,000 pre-tax. The directors of Kunick estimate that their profits for the same period will not be less than £20,000.

They consider the prospects for the current year are good and for the first time since 1972 they expect to pay a dividend. Profits for the enlarged group for the year ending May 31 1979 are forecast at £80,000 and on this basis the board will pay a gross dividend of 1p per share.

The directors intend to get a quotation for the shares. The Stock Exchange has stated that if the company should seek a requote by way of an introduction it would not require the publication of a full advertisement.

£2m purchase by Warren Plantation

CONDITIONAL agreement has been reached for Warren Plantation Holdings to buy Joseph Mason and Company, a specialist paint maker, for a maximum of £2.3m cash.

Mason makes specialised surface coatings and paints mainly used in the vehicle and container industries.

The initial consideration is £1.75m cash followed by a maximum of £528,000 cash related to profits for the current year. In 1977, Mason made a pre-tax profit of £328,622 on turnover of £3.96m. Shareholders' funds and deferred tax amounted to £1.7m at December 31, 1977. The parties were introduced by ICFC.

BOND DRAWINGS

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Liggett makes agreed bid of $130m for Servomation

BY DAVID LASCELLES

NEW YORK, August 24.

LIGGETT GROUP, the large tobacco concern which has been trying to restructure its operations, today announced agreement in principle to take over Servomation, a New York company which sells goods through vending machines.

In a deal thought to be worth over $130m, Liggett will either absorb Servomation directly or merge it with a subsidiary, subject to the approval of both Boards and the shareholders.

Liggett, whose best known brands include Chesterfield and L and M, is offering $46 for up to 45 per cent of Servomation's outstanding shares, which have recently been trading at around $40. Remaining shares will be converted into a new series of $23 Liggett preference stock, and a portion of Liggett common stock based on a market related price, though in the range of $23.34 to $23.41.

The proposed merger appears logical. Liggett Group deals mainly in tobacco, spirits, wine and food, while Servomation Machines sell food, tobacco products and drinks. Liggett will, therefore, gain control over a major outlet for its merchandise. Servomation also provides manual sales and catering services in places like factories and schools.

Its earnings last year were $11.7m on sales of $411m, aquivalent to $2.75 per share. Liggett's sales were worth $943m, and earnings were $2.6m, equivalent to 12 cents a share. This was a considerable drop on the previous year when per share earnings were $4.23.

The company hs been striving to reverse the decline of its domestic cigarette business, where unit sales are believed to have halved in the last 10 years. In order to concentrate on the U.S. market, Liggett announced in June that it was selling off its foreign operations to Philip Morris in a deal worth $108m. It would appear that the proceeds from this sale are now being deployed for the Servomation purchase.

Mead questions value of Occidental bid

DAYTON, August 24.

MEAD, the forestry and wood products group which is fending off a $750m offer for its shares by Occidental Petroleum, is writing to shareholders spelling out why they should reject the oil group's bid.

The forestry group's directors give a number of reasons for opposing the offer, ranging from questions about the value of the Occidental preferred stock offered in the share exchange and questions about Occidental's management compared with the progress Mead has made in recent years.

The Mead Board consider Occidental's proposed offer "inadequate and not in the best interest of Mead shareowners."

Mead's Board and management conclude that because of the company's excellent financial condition, market position and outlook, Mead shareowners will be best served by maintaining the company as an independent entity.

They state that the actual value of the Occidental paper is subject to conjecture and point out that Occidental had a net loss of $35.9m for the six months ended June 30 last.

Furthermore, Occidental is subject to numerous lawsuits that could have a material effect on the value of its securities, Mead's directors comment, adding that a large part of Occidental's revenues come from North Sea oil which may be taxed at a sharply higher rate as of January, 1979. Agencies

Fedders makes assets charges against Chrysler

NEW YORK, August 24.

FEDDERS Corporation accused Chrysler of fraud and deception in allegedly overstating the assets of the Chrysler Airtemp division that Fedders bought in February, 1976. Fedders also accused Airtemp's foreign subsidiaries of a variety of illegal acts.

The charges were contained in counterclaims totalling about $525m that Fedders made in reply to a suit which the motor concern filed in federal court here a month ago. Chrysler contended that Fedders breached its obligation to complete payments for the division, which makes air-conditioning equipment, and should pay Chrysler $127.8m in indebtedness and damages.

Fedders paid Chrysler cash, preferred stocks and notes valued at nearly $59m for Airtemp. In August, 1976, however, it asserted that there were deficiencies in the assets it received and that it was entitled to a reduced purchase price. Fedders began to withhold dividend and interest payment from Chrysler, pending resolution of the dispute.

In its complaint here, Chrysler contends that the purchase price should be increased by $2m, based on a final calculation specified in the purchase contract. It also claims Fedders has failed to pay for services it received.

In denying Chrysler's charges, Fedders asserted that Airtemp's assets were overstated by at least $23.4m in misleading balance sheets supplied by Chrysler

AP-DJ

RESULTS IN BRIEF

Levitz earnings rise 30%

NEW YORK, August 24.

LEVITZ FURNITURE performed strongly during the first half of the year, with earnings per share adding 30 per cent to $1.43.

Reporting for the same period, Mercantile Stores, the department store concern, managed only a slight advance from $1.34 to $1.37.

American Air Filter raised its nine monthly earnings per share figure from $1.67 to $1.82, while materials handling equipment concern Harnischfeger Corporation suffered a drop to $1.52 from the previous year's $2.16.

Earnings of Handleman, which distributes records and tapes, moved up from 30 cents to 55 cents a share in the first quarter. For the whole year, Automatic Data Processing showed an increase in per share results from $1.58 to $1.84, while Purex Corporation, the chemicals and avionics company, grew more modestly from $1.94 to $2.03 a share.

Agencies

Algemene Bank offer for Lasalle

By Charles Batchelor

AMSTERDAM, August 24.

ALGEMENE BANK Nederland (ABN) today announced a $82m cash bid for the entire outstanding capital of Lasalle National Bank of Chicago. ABN, the largest Dutch bank, has reached agreement in principle to acquire for about $118 a share the 84 per cent holding of GATX Corporation, the Chicago based freighting and financial stores group. It also expects to reach agreement with the holders of another 14 per cent of capital and will offer the remaining 2 per cent of shareholders the same terms and conditions.

ABN will be entitled to the earnings of Lasalle from January 1 1978 until the transaction is completed. But dividends will continue to be paid out, including those since paid, to present shareholders up to an amount of $1.1m per year.

Lasalle will continue to operate with an American board of directors and management. The deal is subject to the usual investigations and to final agreement between the two banks. It also requires U.S. government approval and the consent of the Dutch central bank.

Lasalle, a medium size bank in the state of Illinois, had total assets of $852m at the end of 1977, $693m of deposits and a loan portfolio of $472m. Its equity was a provisional $40.3m at the end of June 1978.

Net earnings rose from $2.4m to $5.4m in 1977, and earnings in the current year are reported to be progressing favourably. The bank employs about 700 and offers services both to corporate and private clients.

Arrangements for the sale were made by Lehman Bros. Kuhn Loeb for ABN and by Goldman, Sachs for GATX.

ABN is traditionally the most internationally oriented of the major Dutch banks and it has an extensive branch network abroad including the U.S. It recently announced a 22 per cent increase in net profit to Fl 120.8m ($56m) in the first half of 1978 on a balance sheet total 8.6 per cent higher at Fl 69.1bn ($32.1bn).

This move reverses the recent trend of bank takeovers, it being the first American acquisition by a Dutch bank. U.S. banks have substantial shares in a number of the smaller Dutch institutions.

Chemical sector outlook clouded by Bayer result

BY GUY HAWTIN

FRANKFURT, August 24.

HOPES FOR an improvement in the West German chemicals industry's prospects were dampened today with publication of Bayer's report on the first half of the year. Bayer, the last of the "Big Three" to announce its first six months' performance, appears relatively pessimistic *about the year's outcome.*

While the figures of all the "Big Three" are open to interpretation, only Hoechst seems confident enough to predict that some improvement is to be expected in the second half of the year. Bayer seems to take much *the same view as its rival BASF,* although its interim report contains no comment on likely business developments during the final half of the business year.

Hoechst last week stated that earnings in the second quarter showed an improvement that was expected to continue during the second half of the year. BASF, reporting four days later, however, stated that the business conditions were little changed during the second three months period.

Today's report from Bayer states baldly that during the second quarter of 1978, sales prices showed a slight decline. At the same time, export prices had felt further downward pressure as a result of the decline in the dollar.

Bayer's first half world turnover on the other hand rose by 6.2 per cent from DM 11.02bn to DM 11.7bn ($5.83bn). The figures also show that sales went up faster in the second three months than in the opening quarter—rising by 7.9 per cent from *DM 5.61bn* to *DM 6.05bn.*

However, much of this increase stemmed from the newly-acquired Miles Laboratories subsidiary in the U.S. which contributed DM 570m sales to group figures. World sales excluding Miles' performance rose by only 1 per cent.

Group pre-tax profits totalled DM 556m—10.9 per cent down on the DM 624m recorded during the opening six months of 1977. The report, however, does not indicate how much of this was attributable to Miles.

The parent concern, Bayer AG, noted that during the first half, sales fell by 1.3 per cent from DM 5.27bn to DM 5.2bn. Domestic sales, said the report, were off by 3.8 per cent from DM 2.23bn to DM 2.14bn, while exports went up slightly—rising 2.6 per cent from DM 3.04bn to DM 3.07bn.

As a result, exports as a proportion of turnover increased from 57.7 per cent during first half 1977 to 58.8 per cent.

During the second quarter of the year domestic turnover was 3.7 per cent down to DM 1.06bn. Exports, however, went up by 2.1 per cent to DM 1.53bn. Pre-tax profits fell by 12.4 per cent from DM 434m to DM 380m.

Sales performance, said the report, varied from division to division. Specialty chemicals showed a pleasing growth rate, whereas turnover in the fibres sector fell owing to the shutting down of capacity in the Perlon division.

Strong first half gain at Veba

BY OUR OWN CORRESPONDENT

FRANKFURT, August 24.

VEBA, West Germany's largest industrial concern, has announced a substantial increase in both profits and sales during the first half of the current year. Shareholders at today's annual meeting were told that on the basis of the first six months performance they could look forward to a marked improvement in the year's results.

Herr Rudolf von Bennigsen-Foerder, Veba's chief executive, said that pre-tax profits during the first half of 1978 had increased by 18 per cent, from DM 339m in the comparable period of last year to DM 400m ($200m). Net earnings, however, rose from DM 64m to DM 84m—a rise of 31.5 per cent.

The main reason for the improvement in the energy group's results was a reduction of losses in the Veba mineral oil operations. Sales in the trading, transport and services sector also made an important contribution.

External turnover, shareholders were told, had risen by 10.5 per cent on the performance during the comparable period of 1977 — increasing from DM 13.42bn to *DM* 14.82bn ($7.38bn). However, a large proportion of this improvement was due to the group's increase of its stake in the Huels chemical concern, said Herr Bennigsen-Foerder. Without this, sales would have gone up by only 2.9 per cent.

Electricity generation, an important part of Veba's business had done well with sales rising by 7.9 per cent on the first half 1977 performance to DM2.7bn. At the same time losses in the mineral oil sector had fallen from DM 208m in the opening six months of last year to *DM 89m.* Sales in the combined oil and chemicals sector had gone up from DM 4.97bn to DM 5.73bn and the group's oil refining capacity was operating at a utilisation rate of about 64 per cent.

Demand for Veba's chemicals products was maintained during the first half. However, pressure on margins had resulted in unsatisfactory profits. At the same time losses in the glass-making sector had been markedly reduced as a result of increased production and sales.

Nedlloyd in profit after tax credit

By Charles Batchelor

AMSTERDAM, August 24.

THE POOR state of the world shipping market and the decline of the dollar had an adverse impact on the first half result of the Nedlloyd group, the largest Dutch shipping line. The company made a trading loss compared with a profit last year, and was only able to make a profit at the net level with the help of a tax credit and the results of minority holdings.

The company expects a clear improvement in the second half, however, Mr. Bernard Ruys, chairman of the managing board, told a Press conference. A slight upturn of the shipping activities is expected, while the minority holdings traditionally produce higher profits in the second half.

Nedlloyd does not expect to repeat the profits levels of the second half of last year, however, and it is likely to pay a lower dividend than the Fl 9 in 1977. Trading profit was Fl 12.4m and net profit Fl 47.3m last year.

Nedlloyd had a trading loss of Fl 9.8m ($4.5m) in the first half compared with a profit of Fl 34.1m last time. Income from minority holdings rose slightly to Fl 9.5m from Fl 9.3m. The net interest charge more than doubled to Fl 17.8m, but the company booked a tax credit of Fl 11m compared with a charge of Fl 1m in 1977. At the net level profits were sharply lower at Fl 9m ($4m) compared with Fl 44.1m. Net profit per Fl 50 nominal share fell from Fl 13.44 to Fl 2.72.

The shipping loss is disappointing, but is still relatively favourable compared with the gloomy reports from other shipping companies, Nedlloyd said. The broad spread of its activities means there is no cause for concern.

SMN in talks with Sacilor

By David Curry

PARIS, August 24.

THE small French steelmaker, Société Métallurgique de Normandie (SMN), in the Caen region, is to open negotiations with Sacilor steel group to try to work out a plan to rationalise production and marketing. Otherwise, the company has warned, it would well be forced to close by the end of the year.

SMN is following in the footsteps of another small concern, Neuves-Maisons, in eastern France, which in July initiated similar discussions with Usinor.

The areas particularly concerned in the SMN talks are long and laminated products, in which they are competing against Sacilor. In particular, the smaller company is suffering from competition in its "home" markets in Normandy and Brittany.

Fearnley and Eger pressed to sell ships

By Fay Gjester

OSLO, August 24.

NORWAY'S TROUBLED Fearnley and Eger shipping group is being pressured by its creditors to sell three of its nine remaining ships. The creditors point out that the three—bulk carriers of 120,000 dwt each—will be much cheaper to operate under a non-Norwegian flag. Still further sales from the group's diminished fleet are believed to be likely.

In a meeting with its financial *creditors in London 10 months* ago, Fearnley and Eger negotiated an 18 to 19 per cent settlement of its NKr 1.3bn ($245m) debt payable over seven to eight years. So far, the terms of the settlement appear to have been fulfilled.

During hte summer, the group sold its 50 per cent stake in an oil rig, the Ocean Ranger, to ODECO of New Orleans. When the three bulkers have been sold, its fleet will comprise six vessels—two tankers, three gas carriers and one remaining bulker.

One of the tankers is laid up; the other is sailing on a profitable charter that has two years *to run. The rest of the fleet is* employed at rates which just about cover operating costs.

Operating costs for the three bulkers would be an estimated NKr 1.5m ($283,000) less per ship per year, under foreign flags. The Norwegian authorities will not, however, allow a Norwegian-owned ship to be transferred to a foreign flag solely in order to save money.

Pakhoed prospects poor after six month deficit

BY OUR OWN CORRESPONDENT

AMSTERDAM, August 24.

PAKHOED Holding, the Dutch-based international oil-handling, transport and property group, *made a net loss in the first half* of 1978. It also takes "a negative rather than a positive view" for the second half of the year, given the expected impact of the poor economic situation on a number of its activities.

The company's liquidity position will be considerably strengthened during the year as *Fl 225m ($104m) will become* available from property sales. This will mean that it is in a good financial position to bridge a difficult period, it said.

Its operating profit fell to Fl 18.3m ($8.4m) in the first half of 1978 from Fl 23.2m. Income from non-consolidated companies was sharply lower at Fl 1.7m against Fl 20.1m. However, it booked a tax credit of Fl 3.3m compared with a tax charge of Fl 2.4m last time.

Extraordinary items produced a net debit of Fl 5.5m compared with a slight net profit. At the net level, Pakhoed recorded a loss of Fl 4.3m ($2m). This *compares* with a profit of Fl 16.8m in the first half of last year and a loss of Fl 12.9m in the second half.

Turnover rose 80 per cent to Fl 396m (182m) following the consolidation of the Polyzathe project development group.

The first half results do not include the profits from the sale of property to the Robeco investment group and the Shell Pension Fund, and a net profit of Fl42m will be included in the second half result.

There is no sign of any improvement in the poor tank storage market in Europe, although net earnings in the U.S. were up to expectations.

The start up of a new grain storage terminal at Lake Charles in Louisiana has been delayed, but trial operations begin early this month. Total capital expenditure on the project are well above initial estimates.

Expansion abroad boosts Atlas Copco at midway

BY JOHN WALKER

STOCKHOLM, August 24.

THE HALF-YEAR report from Atlas Copco, the Swedish compressed air and hydraulic equipment manufacturer, reveals that sales are up by 22 per cent to SKr 2.3bn ($540m) compared with SKr 1.8bn in the same period in 1977. *Due to devaluation* and other currency changes, the increase in sales will probably amount to about 15 per cent for the whole of 1978. The order inflow rose by 26 per cent during the first half to SKr 2.5bn ($575m).

Pre-tax profit amounted to SKr 185m ($41m) in the first half of 1978 compared with SKr 165m in the same period last year. The profit figure does not take into account gains and losses on foreign exchange transactions.

Many of the group's markets have shown an improvement, but there have been great variations between different areas. Satisfactory improvements have been noted for England, Italy, North America, Brazil and Australia. *In Sweden the market has been* depressed.

The MCT tool division has noted an increase in sales, mainly from light industry, and the company's earlier stock level has diminished.

The sector for underground equipment, mainly mining, has shown a tendency to overcapacity and made a loss.

The airpower division records an increase in sales of transportable and stationary compressors. Pre-tax profit for the whole of this year is expected to amount to about the same as last year.

EUROBONDS

Straight dollar issue for Norway

BY MARY CAMPBELL

THE first major straight dollar Eurobond issue for over a month was launched last night. It is $50m for the Norwegian institu*tion A/S Eksportfinans,* which is owned by Norwegian commercial banks.

The indicated coupon is 9 per cent and the final maturity eight years. A sinking fund reduces the average life to six years. Lead managers are Citicorp International and Den Norske *Creditbank.*

The issue is difficult to compare with others outstanding since it is not state guaranteed.

The underlying tone for straight dollar bonds remained firm yesterday.

A major feature of the secondary market was the sharp price *movement* of the new Texas International Airlines (TXIA) convertible. This started the day below par, but ended it quoted at 103/3½ in places following Pan Am's $35 a share bid for National Airlines. TXIA had also announced plans to take over National, and recently bought a 9.2 per cent stake at an average $18 a share.

The TXIA underlying stock, quoted at $13½ at the close on Wednesday, was quoted at 15½ at times yesterday.

In the D-Mark sector, prices were more or less unchanged. Australia has launched its issue at DM200m. The indicated coupon is 6 per cent on a 10-year bullet via Deutsche Bank.

Trio-Kenwood closed at par with the conversion price set at DM 7.37 per share.

INTL. FINANCIAL AND COMPANY NEWS

MEDIUM TERM CREDITS

Confusion over Mexican borrowing

BY FRANCIS GHILES

CONFIRMATION that Mexico is planning to raise a major loan in order to consolidate its short term debt has met with a cool reaction in international banking circles.

Mexico's debt is heavily weighted towards the short end, and many bankers believe there is a good case to be made for consolidating part of the country's short term debt.

But they are anxious to ensure that the proceeds of the new loan are used for this purpose.

Bankers also point to the fact that there has been a heavy flow of new credits for Mexican entities, and at present two credits are being arranged for the United Mexican States, by different banks, and on different spreads over inter-bank rates.

Thus the $150m seven year loan for the United Mexican States, which is being arranged by National Westminster Bank is on a spread of ¾ per cent throughout (the loan carries a four year grace period).

The other loan is $25m for five years carrying a spread of 1 per cent throughout, which is being arranged by Deutsche Bank for SOMEX, a Mexican government financial agency.

A private Mexican company, Tremec, is raising $35m for five years on a spread of 2¼ per cent, but Mexican withholding taxes will be absorbed in full during the life of the loan. Lead manager is Chase Manhattan.

Other borrowers

The Brazilian Banco Nacional de Desenvolvimiento Economico (BNDE) is raising $50m for 10 years on a spread of 1⅝ per cent throughout. This loan is being led by Chase Manhattan Ltd., which is also arranging on a private basis a $48m 10 year loan for Villares Industrias de Base, a Brazilian private company. Half the amount of the loan will carry a BNDE guarantee, and offer a spread of 1½ per cent, while on the unguaranteed half a spread of 1¾ per cent will be payable.

Meanwhile, the $180m loan for Telebras being organised by Chase Manhattan has been increased to $225m. In effect it is the 12 year $90m tranche which was increased to $135m. The size of the 10-year tranche, also $90m, remains unchanged. The borrower is paying a spread of 1⅞ per cent on the long term tranche and 1¾ per cent on the short term one.

The Algerian state oil and gas company Sonatrach is expected to decide next month which of the companies tendering for the construction of the third gas liquefaction plant, known as GNL3, at Arzew, in Western Algeria, will be awarded the contract. If the French company Technip wins the contract, a package of $900m is understood to have been put together already.

A $250m medium term loan will be arranged by Banque Nationale de Paris, Crédit Lyonnais, Chemical Bank Paribas: terms are likely to include a nine year maturity and a spread of 1¾ per cent, while $650m will be provided in the form of credits guaranteed by Coface.

Algeria's state textile company Sonitex is raising $20m for seven years on a spread of 1⅞ per cent from a group of banks led by Grindlay Brandts. Banque Nationale d'Algérie is guaranteeing the loan.

Codetel, a private telephone company in the Dominican Republic, has just signed a $35m eight year loan with three years grace and a spread of 1½ per cent from a group of banks led by Chase Manhattan and Citicorp International.

Ecuador's Junta de Defensa Nacional is raising $80m for seven years with two years grace on a spread of 1½ per cent throughout. Lead manager is Citicorp International.

Darling & Hodgson just ahead

By Richard Rolfe

JOHANNESBURG, August 24.

DARLING AND HODGSON, the civil engineering and construction arm of Union Corporation, reported modest growth in trading profits for the six months to end-June, with a rise from R6.4m to R6.8m on turnover up from R66m to R74m. Allowing for tax and minorities, earnings per share are 1 cent higher at 21.3 cents and the interim dividend is maintained at 5 cents. There is no indication of whether last year's 17 cents total dividend will be exceeded.

The board said that trading conditions "are still extremely difficult," but forecast an improvement on 1977 profits for the full year.

The rival group, Grinaker Holdings, which recently acquired the local offshoot of Racal, has reported taxed profit up from R4.2m to R5.5m and has raised the total dividend from 29 cents to 33 cents for its year to June 30. The figures do not include any contribution from Racal South Africa. The official forecast is that profits will be higher again in the current year.

Downturn for Primrose Indl.

Primrose Industrial Holdings, the largest South African brick manufacturers, control of which was acquired by Tongaat, the diversified sugar group, last April, made lower pre-tax profits of R1.12m, against R2.1m, in the year to June 30 on turnover of R30.99m, compared with R32.22m.

An improvement in trading in the current year is anticipated said the directors.

Agencies

Bank of New Zealand

We have been asked to point out that the effect of the Bank's operating expenses rising faster than income was to reduce "tax paid" profits by NZ$373,000, not NZ$273,000. Consolidated net income, in fact, was NZ$7.47m, as stated here yesterday.

JAPANESE COMPANIES

Sumitomo group profit at Y5.4bn

TOKYO, August 24.

SUMITOMO CORPORATION, a major Japanese trading house, said its consolidated net profit in the year ended March 31 totalled Y5.386bn on sales of Y5.978 trillion (million million).

Sumitomo announced consolidated figures for the first time.

Parent company net profits came to Y7.358bn compared with Y7.542bn the year before on sales of Y.588 trillion, up from Y5.62 trillion. The company's name was changed from Sumitomo Shoji Kaisha in July this year.

* * *

Nichimen Company, another major trading house, posted a net profit of Y1.072bn in the year ended March 31 for the parent company, up from Y815m the year before. Sales were Y1.752 trillion, down from Y1.81 trillion.

Consolidated profit was Y1.107 bn on sales of Y1.915 trillion. The company gave no consolidated figures last year.

* * *

Hohnen Oil Company, a pioneer in Japan's edible oil industry, foresees a sharp drop in both revenue and profits this year because of a decline in the price of its key product.

Mr. Masao Morozaki, executive managing director, said that in the fiscal year ending December 31, sales will drop by 13 per cent to about Y79bn from last year's Y90.78bn and net income by nearly 15 per cent to about Y1.5bn from Y1.76bn the year earlier.

* * *

Nagasakiya Company, a major chain store company, has acquired a management license from International House of Pancakes of the U.S.

Choeisha KK, a Nagasakiya subsidiary, will handle the management. A demonstration coffee house will open in Tokyo next spring.

* * *

Japan's two major shipbuilders, Ishikawajima-Harima Heavy Industries (IHI) and Mitsubishi Heavy Industries have asked their labour unions to accept plans to cut their capacities by about 40 per cent, the two firms said.

The Japan Ship Exporters Association said export shipbuilding orders received by Japanese shipbuilders in the first seven months of this year fell by 62 per cent to 931,000 gross tons from 2.43m in the same period of last year.

The cuts follow a recommendation by the Japan Shipbuilding Rationalisation Council that Japan should cut its overall shipbuilding capacity by an average of 35 per cent.

Agencies

United Asbestos tops forecast

BY WONG SULONG

KUALA LUMPUR, August 24.

BUOYED by strong demand from the Malaysian construction sector, United Asbestos Cement Berhad, increased pre-tax profits by 34 per cent to nearly 14m ringgits for the year ending June.

The results proved even better than the forecast of 11.4m ringgits made in the company's prospectus in March when it issued 1.8m shares to bumiputras (Malays).

After tax profits came to 7.2m ringgits, some 30 per cent higher than for 1976-77. The final dividend is 7.5 per cent bringing the total to 15 per cent.

UAC, in which Turner and Newell of the UK has an interest, is currently embarking on a 19m ringgit new factory in Ipoh with a capacity of 25,000 tons of pipes a year, and the company is confident of strong demand for its products in view of the buoyancy of the construction industry.

* * *

American Express is to acquire 20 per cent of the Malaysian-incorporated Pacific Bank through its wholly-owned subsidiary, American Express International Banking Corporation (AEIBC), writes Wong Sulong.

Pacific Bank's chairman, Mr. Tun Tan Siew Sin, said the Malaysian Central Bank had given its approval and Pacific Bank shareholders would be asked to approve the deal next month.

Until 1977, Pacific Bank was a subsidiary of the Singapore-based Overseas Chinese Banking Corporation, but OCBC sold the controlling interest to Mr. Tun Tan and his United Malacca Estates group.

Mr. Tun Tan said the share capital of Pacific Bank would be raised to 9m ringgits and after restructuring OCBC would be a minority shareholder.

The major shareholders would be the Malaysian Armed Forces' Co-operative Society (30 per cent), United Malacca Estates (20 per cent) and AEIBC (20 per cent).

* * *

United Overseas Land (UOL), one of Singapore's major property developers, has made an offer of five of its shares for every two shares held by minority shareholders in its subsidiary, Hotel Merlin Singapore, writes H. F. Lee from Singapore.

Based on UOL's last traded price of S$1.54 per share the exchange offer values Hotel Merlin at S$3.85 per share compared with the last transacted price of S$2.91 per share.

UOL already owns 67.2 per cent of the hotel group and the offer is for the remaining 6.23m shares. It is intended to provide minority shareholders with a cash alternative.

CBA up 22% after good second half

BY JAMES FORTH

SYDNEY, August 24.

A SOLID performance in the second half enabled The Commercial Bank of Australia to boost profit by 22 per cent, from A$20.9m to A$25.5m in the year to June 30. The CBA is the second major trading bank to report for 1978-79.

The Commercial Banking Co. of Sydney, which had suffered property-induced losses in its finance company arm, earlier this week reported a jump in earnings from A$619,000 to A$7.0m, reflecting a strong improvement in its banking operations.

The CBA also performed well on the banking side, with profit from these activities rising by 1.4 per cent from A$14.28m to A$17.34m. Profit from the non-banking operations rose by 20 per cent from A$12.6m to A$15.18m, almost entirely accounted for by the wholly-owned finance offshoot, General Credits which lifted its profit from A$12.0m to A$14.68m.

The result equalled earnings of 45.3 cents on capital increased during the year by a cash issue, and is virtually steady on the 45.2 cents in 1976-77.

The dividend is maintained at 16 cents a share and requires $A8.8m compared with $A8.1m in the previous year.

The directors pointed out that the result for the June half was pleasing with profits rising 37 per cent to $A13.9m.

* * *

Repco, Australia's major automotive parts group, suffered a 6.8 per cent dip in earnings for the year to June 30, largely due to the prolonged Victorian power strike late in 1977, reports James Forth from Sydney.

Group profit declined from A$18.26m to A$17.0m, but earnings a share dipped from 20.9 cents to 15.9 cents on capital enlarged during the year by a one-for-five rights issue.

Profit in the December six months fell by 23 per cent to A$7.6m but rallied in the second half to register an increase from A$8.36m to A$9.4m.

The profit improvement in the June half was assisted by improved plant utilisation and the benefits of further rationalisation and cost reduction programmes. Sales for the year rose by 10.4 per cent to a peak A$325m. Dividend for the year is unchanged at 8 cents a share.

* * *

Cruden Investments Pty., the vehicle for the family interests of News Limited chairman Mr. Rupert Murdoch, purchased 1.88m of 50 cent par News Limited shares on August 17, the company advised Adelaide Stock Exchange.

This lifts Cruden's stake in the company to 13.69m shares or 43.4 per cent of its issued capital from 37.4 per cent, reports Reuter from Adelaide.

The purchase was made through an off-market sale of the shares at A$2.42 each on the Melbourne Stock Exchange.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
...an Australia 8½pc 1989	97½	98
...IV 8pc 1987	95	95½
...stralia 8½pc 1992	93½	94½
...stralian M. & S. 9½pc '92	98½	99½
...rclays Bank 8½pc 1992	95½	96½
...water 9¼pc 1992	98¾	99¼
...N. Railway 8½pc 1986	95½	96
...nal National 8½pc 1986	97½	98
...nmark 8½pc 1984	98	98½
...IS 9pc 1993	99½	100
...S 8½pc 1997	93½	98½
...B 8½pc 1992	94½	97
...B 9¼pc 1989	99½	99½
...sson 8½pc 1989	97½	99
...ng 8pc 1986 Nov.	99	99½
...Lakes Paper 8½pc 1984	98½	99
...mersley 9pc 1992	100½	101½
...dro Quebec 9pc 1992	97½	98
...I 9¼pc 1987	95½	96½
...P Canada 9¼pc 1986	102½	104
...cmillan Bloedel 9pc 1992	97½	98
...ssey Ferguson 9½pc '91	98	98½
...chelin 9½pc 1988	99½	100½
...dland Int. Fin 8¾pc '92	97½	98½
...tional Coal Bd. 8pc 1987	93½	94½
...tional Westminster 9pc '86	101	101½
...t. Westminster 9pc '86 'B'	101½	102½
...wfoundland 9pc 1989	100	100½
...rdic Inv. Bank 8½pc 1988	97½	98½
...rges Kom. Bk. 8½pc 1992	95½	96
...rsk Hydro 9pc 1992	96½	97½
...rsk Hydro 8½pc 1992	95½	95½
...lo 9pc 1988	99	100½
...rts Autonomes 9pc 1991	98½	99
...ov. Quebec 9pc 1993	98	96½
...ov. Saskatchwn. 8½pc '86	97½	98
...ed International 9pc 1987	93½	94½
...M 9pc 1992	94½	95½
...tion Trust 8½pc 1989	91½	92½
...ell Intl. Fin. 8½pc 1990	93	93½
...and Enskilda 9pc 1991	96½	96½
...F 8pc 1987	91½	92½
...eden (K'dom) 8½pc 1987	93½	95
...ited Biscuits 9pc 1989	96	95½
...lvo 8pc 1987 March	93½	94½

NOTES	Bid	Offer
Australia 7½pc 1984	93½	94
Bell Canada 7½pc 1987	93½	93½
Br. Columbia Hyd 7¾pc '85	93½	94
Can. Pac. 8½pc 1984	97½	98½
Dow Chemical 8pc 1986	96½	97
ECS 7½pc 1982	94	94½
ECS 8¼pc 1989	94½	95
EEC 7½pc 1982	93½	94
EEC 7¾pc 1984	94½	95½
Enso Gutzeit 8½pc 1984	95½	96½
Gotaverken 7½pc 1982	95½	96
Kockums 8pc 1983	96½	97½
Michelin 8½pc 1983	98½	99½
Montreal Urban 8½pc 1981	99½	100
New Brunswick 8pc 1984	96½	97
New Bruns. Prov. 8¾pc '83	98	98½
New Zealand 8½pc 1986	95½	96
Nordic Inv. Bk. 7½pc 1984	94	94½
Norsk Hydro 7½pc 1982	95½	96½
Norway 7½pc 1982	94	94½
Ontario Hydro 8pc 1987	93½	94½
Singer 8½pc 1982	99	99½
S. of Scot. Elec. 8½pc 1981	97½	98
Sweden (K'dom) 7¾pc 1982	94½	95½
Swedish State Co. 7½pc '82	97½	98
Telmex 9½pc 1984	99½	100
Tenneco 7¾pc 1987 May	91½	92½
Volkswagen 7¾pc 1987	94½	95½

STERLING BONDS	Bid	Offer
Allied Breweries 10½pc '90	89½	90½
Citicorp 10pc 1993	91½	92½
Courtaulds 9½pc 1989	86½	88½
ECS 9½pc 1989	91½	92½
EIB 9½pc 1988	90½	91½
EIB 9¾pc 1992	87½	88½
Finance for Ind. 9¾pc 1987	91½	92½
Finance for Ind. 10pc 1989	90	91
Fisons 10½pc 1987	97½	98½
Gestetner 11pc 1988	97½	98½
INA 10pc 1988	91½	92½
Rowntree 10½pc 1988	92	93
Sears 10½pc 1988	92	93
Total Oil 9pc 1984	89½	90½

DM BONDS	Bid	Offer
Asian Dev. Bank 5¾pc 1988	93½	94½
BNDE 6¾pc 1986	96½	97½
Canada 4½pc 1983	97½	98
Den Norske Ind. Bk. 6pc '90	94½	95½
Deutsche Bank 4½pc 1983	97½	98½
ECS 5½pc 1990	92	93
EIB 5¼pc 1990	92	93
Elf Aquitaine 5¾pc 1988	93	94
Euratom 5½pc 1987	96½	97½
Finland 5½pc 1986	94	95½
Forsmarks 5¾pc 1990	94½	95½
Mexico 6pc 1985	95½	96½
Norcem 5¾pc 1989	98	99
Norway 4½pc 1983	99½	99½
Norway 4½pc 1983	95½	96½
PK Banken 5½pc 1986	94½	95½
Prov. Quebec 6pc 1990	96½	97½
Rautaruukki 5¾pc 1988	93	94
Spain 6pc 1988	95	96
Trondheim 5¾pc 1988	94½	95½
TVO Power Co. 6pc 1988	96	97
Venezuela 6pc 1988	94½	95½
World Bank 5¾pc 1990	96	97

FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1984 8⅝pc	99	99½
BFCE 1984 8⅜pc	99	100
BNP 1983 8⅞pc	99½	100½
BQE Worms 1983 9pc	98	98½
CCF 1985 8⅜pc	98½	99½
Chase Manhttn. '93 8⅝pc	98	98½
Creditanstalt 1984 8⅝pc	99½	99½
DG Bank 1982 9pc	99½	100½
GZB 1981 8⅞pc	98½	100½
Intl. Westminster 1984 9pc	99½	99½
Lloyds 1983 8 13/16pc	99½	100½
LTCB 1983 8pc	99½	99½
Midland Int. FS '87 8¾pc	98½	99½
Midland Int. FS '93 8⅞pc	98½	99½
Nat. Westminster '90 8 5/16pc	98½	99½
OKB 1983 8⅝pc	99½	100½
SNCF 1985 8 5/16pc	98	98½
Stand. and Chtrd. '84 8⅝pc	98½	99½

Source: White Weld Securities.

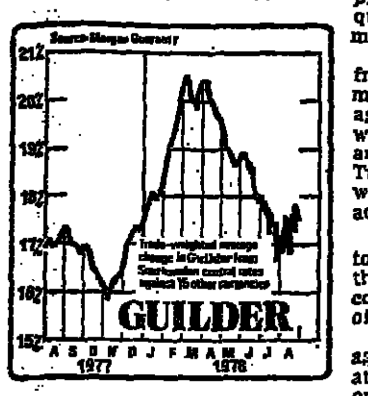
CONVERTIBLES	Bid	Offer
American Express 4¾pc '87	83½	84
Babcock & Wilcox 7pc '92	117	118½
Beatrice Foods 4½pc 1992	100	101
Beatrice Foods 6¾pc 1992	110	111½
Beecham 6½pc 1992	111	112
Borden 5pc 1992	94	95½
Broadway Hale 4½pc 1987	77	78
Carnation 4pc 1987	77	78
Chevron 5pc 1988	131½	132½
Dart 4½pc 1987	79	80
Eastman Kodak 4½pc 1988	86	87½
Economic Labs. 4½pc 1987	76	77
Firestone 5pc 1988	78	79½
Ford 5pc 1988	81	82
General Electric 4¼pc 1987	83	84
Gillette 4¾pc 1987	77	78½
Gould 5pc 1987	120½	121½
Gulf and Western 5pc 1988	79½	81
Harris 5pc 1992	230	232
Honeywell 6pc 1986	95	96
ICI 6¾pc 1992	95½	96½
INA 6pc 1997	99	100½
Inchcape 6¾pc 1992	113½	114
ITT 4½pc 1987	79	80½
Jusco 6pc 1992	138	139
Komatsu 7½pc 1990	140	141
J. Ray McDermott 4¾pc '87	148	151
Matsushita 6¾pc 1990	157	160½
Mitsui 7¾pc 1990	131	133
J. P. Morgan 4¾pc 1987	104½	105½
Nabisco 5¼pc 1988	125½	127
Owens Illinois 4¾pc 1987	124	125½
J. C. Penney 4¾pc 1987	75½	77
Revlon 4¼pc 1987	141	142
Reynolds Metals 5pc 1988	87	88½
Sandvik 6¾pc 1988	114	115
Sperry Rand 4¼pc 1987	94	95½
Squibb 4¾pc 1987	83	84
Texaco 4½pc 1988	75	76
Texas Int. Airlines 7¾pc '93	103½	104½
Toshiba 6½pc 1992	132	133
Ty Co. 9pc 1984	75	77
Ty Co. 5½pc 1984	102½	104½
Union Carbide 4¾pc 1982	91	92½
Warner Lambert 4½pc 1987	80	82
Warner Lambert 4¾pc 1988	77	79
Xerox 5pc 1988	76½	78

Source: Kidder, Peabody Securities.

CURRENCY, MONEY and GOLD MARKETS

Dollar falls in quiet trading

Trading was rather quiet in the foreign exchange market yesterday, reflecting a general reluctance to take-up positions before the future trend in the dollar becomes clearer. The level of trading may also have been affected by the approaching long holiday week-end in the UK, but when the New York market began trading yesterday, the dollar tended to be sold, and the U.S. currency fell to its lowest levels of the day in the late afternoon. It fell to DM 1.9970 against the D-mark, before closing at DM 2.0010, compared with DM 2.0067½ previously, and touched Y190.75 in terms of the Japanese yen, before finishing at Y190.87½, compared with Y191.75 on Wednesday.



In terms of the Swiss franc, the dollar fell to SwFr 1.6525, and closed at SwFr 1.6550, against SwFr 1.6650 previously.

The dollar's trade-weighted depreciation, on the basis of the Washington Currency Agreement of December, 1971, widened to 9.2 per cent from 9 per cent, on Morgan Guaranty figures.

Sterling's trade-weighted index on a similar basis, as calculated by the Bank of England, was unchanged at 62.2, after standing at 62.1 at noon and in early trading. The pound opened at $1.9245-$1.9255, and eased to a low point of $1.9240-1.9250. In the afternoon it recovered to $1.9325-1.9335, and closed at $1.9300-1.9310, a rise of 35 points on the day.

PARIS—The dollar eased against the French franc in late trading, ending at its lowest level of the day, at FFr 4.3710, compared with FFr 4.3870 at the fixing, and FFr 4.4000 on Wednesday. The franc also improved against most other major currencies, gaining ground against the Swiss franc and sterling, and remaining steady in terms of the D-mark.

FRANKFURT—The Bundesbank did not intervene as the dollar was fixed at DM 2.0079 against the dollar, compared with DM 2.0175 previously. Trading was extremely quiet, and the U.S. currency moved within a very narrow range.

ZURICH—The dollar firmed from its opening levels, and by mid-morning stood at SwFr 1.6632½ against the Swiss franc, compared with an early rate of SwFr 1.6595, and SwFr 1.6630 late Wednesday. Trading was described as quiet, with no sign of any central bank activity.

AMSTERDAM—The dollar fell to Fl 2.1635 in late trading from the fixing level of Fl 2.1705. This compared with a previous fixing of Fl 2.1800 against the guilder.

MILAN—The dollar lost ground against the lira when it was fixed at L841.45, compared with L843.50 on Wednesday. The yen was also slightly lower, while the Swiss franc, D-mark and sterling improved against the lira. The Swiss franc was fixed at L505.33, compared with L501.35 on the previous day, while the D-mark rose to L418.96 from L417.91. In late trading the dollar showed little change at L841.50 in terms of the lira.

TOKYO—The dollar drifted down in calm trading to finish at Y191.65 against the yen, its low for the day. The previous closing level was Y192.06. The U.S. currency opened at Y192.60, and touched a high point of Y193.00, but then fell away, possibly reflecting a slight reaction to the rapid rise over the last few days. Spot volume was moderate at $480m, while forward and swap trading totalled $778m.

THE POUND SPOT / FORWARD AGAINST £

Aug. 24	Bank rates %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	7¾	1.9240-1.9355	1.9300-1.9310	0.42-0.32c pm	2.30	1.30-1.20c pm	2.59
Canadian $	8	2.1980-2.2000	2.1985-2.1995	0.45-0.35c pm	2.18	1.22-1.12c pm	2.13
Guilder	4½	4.16-4.19¼	4.16½-4.17½	2⅝-1⅝ c pm	6.11	6⅝-5⅝ c pm	5.63
Belgian F.	6	60.40-60.80	60.57-60.67	15-5 c pm	1.98	50-35 c pm	2.80
Danish K	8	10.68-10.70	10.67½-10.68½	2½-4½ ore dis	-3.93	8½-9½ ore dis	-2.81
D-Mark	5	3.85-3.88	3.85½-3.86½	3-2 pf pm	7.77	7½-6½ pf pm	7.63
Port Esc.	18	87.00-88.50	87.65-88.15	90-190 c dis	-19.11	200-500 c dis	-15.95
Span. Pes	8	142.50-145.50	145.00-145.40	50-150 c dis	-8.38	150-250 c dis	-5.59
Lira	11½	1,618-1,626	1,622-1,624	4-6 lire dis	-3.70	12-16 lire dis	-3.53
Nrwgn. K.	7	10.14-10.18	10.14-10.15	2 ore pm-par	1.18	4½-2½ ore pm	1.38
French Fr.	9½	8.43-8.47	8.43½-8.45	2½-1½ c pm	2.84	5½-4½ c pm	2.57
Swedish Kr.	6½	8.55-8.59	8.56½-8.57½	5-1 ore pm	2.80	6½-4½ ore pm	2.57
Yen	3½	366-375	368½-369½	3.15-2.80 y pm	9.68	8.80-8.25 y pm	9.14
Austria Sch.	4½	27.50-28.25	27.80-27.90	17-7 gro pm	5.17	36-26 gro pm	4.45
Swiss Fr.	1	3.15½-3.21	3.19½-3.20½	3⅝-2⅝ c pm	11.73	8½-7½ c pm	10.46

Belgian rate is for convertible francs. Financial franc 62.30-62.60.

Six-month forward dollar 2.40-2.35c pm. 12-month 4.60-4.50c pm.

THE DOLLAR-SPOT / FORWARD AGAINST $

August 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canad'n $*	0.8783-0.8787	0.8784-0.8787	0.02c dis-par	-0.13	0.12-0.09c dis	-0.47
Guilder	2.1640-2.1700	2.1640-2.1655	0.67-0.62c pm	3.62	1.68-1.63c pm	3.02
Belgian Fr	31.38-31.64	31.38-31.40	0.05-0.02c pm	0.56	0.11-0.07c pm	0.76
Danish Kr	5.5330-5.5585	5.5330-5.5355	—		—	
D-Mark	1.9990-2.0075	1.9990-2.0000	0.37-0.32pf pm	4.89	2.62-2.57pf pm	5.02
Port. Es	—	45.50-45.75	—		—	
Lira	840.80-842.15	840.80-841.10	4.30-4.70lire dis	-6.69	12.5-13.25lire dis	-6.28
Nrwgn. Kr	5.2650-5.2830	5.2650-5.2670	—		—	
French Fr	4.3700-4.3895	4.3700-4.3725	0.10c pm-par	0.79	0.15-0.30c dis	-0.82
Swedish Kr	4.4400-4.4495	4.4400-4.4420	—		—	
Yen	191.10-191.80	191.10-191.30	1.25-1.10y pm	7.42	3.25-3.10y pm	6.58
Austria Sch	—	14.4725-14.4800	—		—	
Swiss Fr	1.6550-1.6632	1.6555-1.6570	1.16-1.12c pm	8.03	3.28-3.24c pm	7.71

* U.S. cents per Canadian $.

CURRENCY RATES

August 23	Special Drawing Rights	European Unit of Account
Sterling	0.658090	0.664465
U.S. dollar	1.26282	1.27487
Canadian dollar	1.43744	1.45147
Austrian schilling	18.3782	18.5567
Belgian franc	39.9882	40.3145
Danish krone	7.03450	7.10036
Deutsche Mark	2.54613	2.57218
Guilder	2.75120	2.77888
French franc	5.57245	5.62787
Lira	1064.58	1075.25
Yen	242.939	244.775
Norwegian krone	6.69375	6.75988
Peseta	93.9132	94.8289
Swedish krona	5.64491	5.60330
Swiss franc	2.12335	2.14439

CURRENCY MOVEMENTS

August 24	Bank of England Index	Morgan Guaranty changes %
Sterling	62.19	-41.0
U.S. dollar	84.49	-9.2
Canadian dollar	82.90	-14.5
Austrian schilling	140.36	+17.7
Belgian franc	111.03	+12.7
Danish krone	113.29	+3.6
Deutsche Mark	141.49	+36.1
Swiss franc	199.68	+91.9
Guilder	120.10	+17.5
French franc	99.80	-4.0
Lira	55.61	-47.2
Yen	153.23	+51.4

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Aug. 24	£	$		£ Note Rates
Argentina Peso	1,588-1,589	821.03-823.10	Austria	27.30-28.30
Australia Dollar	1.6790-1.6860	0.8697-0.8733	Belgium	62-63
Finland Markka	7.94½-7.95½	4.1160-4.1180	Denmark	10.60-10.75
Brazil Cruzeiro	36.46-36.46	18.57-18.89	France	8.40-8.50
Greece Drachma	70.381-72.107	36.457-37.351	Germany	3.80-3.90
Hong Kong Dollar	9.07¼-9.09¾	4.7000-4.7050	Italy	1600-1630
Iran Rial	132-138½	68.500-71.614	Japan	370-380
Kuwait Dinar (KD)	0.523-0.533	0.2709-0.2761	Netherland	4.13-4.23
Luxembourg Franc	60.57-60.67	31.375-31.427	Norway	10.13-10.25
Malaysia Dollar	4.4475-4.4600	2.3070-2.3130	Portugal	83-90
New Zealand Dollar	1.8295-1.8385	0.9477-0.9523	Spain	141½-145
Saudi Arabia Riyal	6.35-6.45	3.289-3.341	Switzerland	3.12-3.22
Singapore Dollar	4.3535-4.3670	2.2615-2.2745	United States	1.92½-1.94
South African Rand	1.6632-1.6890	0.8615-0.8749	Yugoslavia	39.00-42.00

Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

Aug. 24	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.931	3.863	368.8	8.443	3.198	4.171	1623.	2.198	60.62
U.S. Dollar	0.518	1.	2.001	191.0	4.373	1.656	2.161	840.7	1.138	31.40
Deutsche Mark	0.259	0.500	1.	95.47	2.186	0.828	1.080	420.2	0.569	15.69
Japanese Yen 1,000	2.712	5.235	10.47	1000.	22.89	8.671	11.31	4401.	5.959	164.4
French Franc 10	1.184	2.287	4.575	436.8	10.	3.787	4.941	1922.	2.603	71.80
Swiss Franc	0.313	0.604	1.208	115.3	2.640	1.	1.305	507.6	0.687	18.96
Dutch Guilder	0.240	0.463	0.926	88.40	2.024	0.767	1.	389.1	0.527	14.53
Italian Lira 1,000	0.616	1.189	2.380	227.2	5.202	1.970	2.570	1000.	1.354	37.35
Canadian Dollar	0.455	0.878	1.758	167.8	3.842	1.455	1.898	738.6	1.	27.59
Belgian Franc 100	1.650	3.185	6.372	608.3	13.93	5.275	6.881	2677.	3.625	100.

EURO-CURRENCY INTEREST RATES*

Aug. 24	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	10½-11	8¼-9¼	7⅞-8⅛	2-2½	⅛-¼	3¼-3⅜	7-7¼	10-13	—	[illegible]
7 day's notice	10½-11	8¼-9¼	8-8¼	3-3½	⅝-¾	3¼-3⅜	7⅛-7⅜	13-14	8⅛-8¼	1-1
Month	10⅞-11⅛	8½-8⅝	[illegible]	4⅜-4⅝	¼-⅜	3¼-3⅜	7⅜-7⅝	13½-14½	8⅜-8⅝	1⅜-1⅝
Three months	11⅛-11½	8¾-9⅛	[illegible]	5⅜-5⅝	⅝-⅞	[illegible]	8½-8¾	13¾-14¾	[illegible]	[illegible]
Six months	11½-11⅞	9-9⅜	[illegible]	5⅞-6⅛	1⅛-1¼	3⅜-3⅝	9-9½	14½-15½	[illegible]	2⅜-2⅝
One year	11½-11⅞	9¼-9½	[illegible]	6-6¼	1½-1⅞	[illegible]	10-10¼	14¾-15¾	[illegible]	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.15-8.25 per cent; three months 8.35-8.45 per cent; six months 8.65-8.75 per cent; one year 8.85-8.95 per cent.

Long-term Eurodollar deposits: two years 9¼-9⅜ per cent; three years 9¼-9⅜ per cent; four years 9 5/16-9 7/16 per cent; five years 9¼-9⅜ per cent nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

U.S. bill rates firmer

Federal funds were fairly steady at around 8 1/16-8⅛ per cent in early trading, while Treasury bill rates were firmer on fears of a rise in the money supply, with 13-week bills rising to 7.24 per cent from 7.22 per cent late Wednesday, and 7.19 per cent earlier in the day. At the same time 26-week bills rose 7.45 per cent from 7.42 per cent late Wednesday and 7.43 per cent earlier, while one-year bills increased to 7.77 per cent from 7.75 per cent previously.

AMSTERDAM — Call money remained easy at ¼-½ per cent, compared with ½ per cent on Wednesday, but period rates were generally slightly firmer, with one-month funds rising to 4¾-5 per cent from 4½-4¾ per cent, three-month unchanged at 5¾-6 per cent, and six-month firming to 6¼-6½ per cent from 6⅛-6⅜ per cent.

PARIS—Longer term money market rates were slightly easier, while shorter periods remained steady. Day-to-day money was unchanged at 7 per cent, with one-month unchanged at 7¼-7⅜ per cent, and three-month unchanged at 7⅜-7½ per cent. Six-month funds eased ⅛ per cent to 7⅞-7⅞ per cent, and 12-month declined by a similar amount to 8 1/16-8 3/16 per cent.

French overall money supply (M-2) rose 1.3 per cent in April to FFr 1,010.60bn. (£119.6bn) from FFr 997.63bn (£118bn) in March, itself up 1.8 per cent on February. The narrowly defined money supply (M-1) increased by 2.3 per cent to FFr 511.77bn (£60.5bn) from FFr 500.08bn (£59.2bn), itself up 1.8 per cent on February.

On a seasonally-adjusted basis M-2 rose by 3.9 per cent for the three-months ending in April, compared with 2.8 per cent in the preceding three months. Growths of M-1, due mainly to higher sight deposits, was largely responsible for the increase. The official money supply growth target has been set at 12 per cent for the whole of 1978, compared with a target ceiling of 12½ per cent last year.

FRANKFURT—Call money was unchanged at 3.45 per cent, but period rates were firmer, with one-month rising to 3.5 per cent from 3.45 per cent; three-month to 3.7 per cent from 3.65 per cent, and six-month to 4.15 per cent from 4 per cent. As expected the central bank council of the Bundesbank left credit policy unchanged at its fortnightly meeting yesterday.

BRUSSELS—Deposit rates for the Belgian franc (commercial) showed mixed changes, with one-month quoted at 6½-6⅞ per cent, compared with 6⅞-6⅝ per cent on Wednesday, while three-month rose to 7 1/16-7 3/16 per cent from 6⅞-7⅛ per cent. The six-month rate was 7 5/16-7 7/16 per cent, compared with 7¼-7½ per cent previously, and 12-month was 7⅝-7⅞ per cent, compared with 7⅝-7⅞ per cent.

HONG KONG—The money market was tight with call money dealt at 5 per cent, compared with 4⅞ per cent on Wednesday, and overnight at 5⅞ per cent, compared with 3⅞ per cent.

MANILA — 30-day maturities eased to 9½-10⅜ per cent from 9½-11½ per cent, and 60-day to 10-11 per cent from 10-11¾ per cent. Longer term rates also declined, to 10-11 per cent from 10½-12 per cent for 90-day, and 120-day.

GOLD

Steadier trend

Trading was much quieter in the London bullion market than on Wednesday, with gold rising $2½ to close at $202½-203. This was the lowest level of the day. The metal opened at $202¾-203¾ and was fixed at $202.70 (£105.228) in the morning, and $203 (£105.029) in the afternoon. The highest level touched was $202¾-203¾.

In Paris the 12½ kilo gold bar was fixed at FFr 28,800 per kilo ($203.47 per ounce) yesterday afternoon, compared with FFr 28,500 ($202.03) in the morning, and FFr 28,350 ($199.69) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 13,100 per kilo ($202.92 per ounce), compared with DM 12,925 ($199.09) previously.

GOLD

	Aug. 24	Aug. 23
Gold Bullion (a fine ounce)		
Close	$202½-203	$200-200½
Opening	$202½-203½	$198¼-198¾
Morning fixing	$202.70 (£105.228)	$198.56 (£103.415)
Afternoon fixing	$203.00 (£105.059)	$200.20 (£104.082)
Gold Coins domestically		
Krugerrand	$211½-213½ (£109½-110½)	$206½-207½ (£107-108)
New Sovereigns	$57½-59½ (£30-31)	$56½-58½ (£29½-30½)
Old Sovereigns	$58½-60½ (£30½-31½)	$58½-59½ (£30-31)
Gold Coins internationally		
Krugerrand	$207-209½ (£107½-108½)	$204½-206½ (£106½-107½)
New Sovereigns	$57-59 (£29½-30½)	$56½-58½ (£29½-30½)
Old Sovereigns	$58-60 (£30-31)	$58½-59½ (£30-31)
$20 Eagles	$291½-303½	$298-301
$10 Eagles	$162-165	$156-158
$5 Eagles	$112-116	$106-109

UK MONEY MARKET

Small assistance

Day-to-day credit was in slightly short supply in the London money market yesterday, and the authorities gave a small amount of assistance by buying Treasury bills from the discount houses. The supply of call money was expected to be generally flat and this was almost the case, with revenue payments to the Exchequer fairly evenly balanced by Government disbursements as a result of the delayed payment of the housing grant to local authorities.

Banks brought forward small surplus balances, and the market was also helped by a slight fall in the note circulation. On the other hand there was a net take-up of Treasury bills to finance, settlement of moderate gilt-edged sales, and resale to the market of a small number of bills, bought previously on a sale and repurchase basis.

Discount houses paid 8¼-8¾ per cent for secured call loans at the start, and closing balances were taken at 7-8 per cent.

In the interbank market overnight loans opened at 8½-8¾ per cent, and touched 8½-9 per cent, before falling to 7-8 per cent, and closing at around 8½ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Aug. 24 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	7-9	—	—	—	9-9¼	7-8¾	—	—	—
2 days notice	—	—	8⅝-8⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9-9¼	—	—	—	—
7 days notice	—	8½-9	8¾-8⅞	—	9¼	—	8¼-8⅞	—	—	—
One month	[illegible]	9-9⅛	9-9⅛	9¾-10	9⅝	9½	8⅞-9	8¾-8 13/16	9½	9⅞
Two months	9¼-9⅜	9⅛-9¼		9⅞-9½	9¾	—	9	8⅞-8 15/16	9-9⅛	9⅞
Three months	9½-9⅝	9¼-9⅜	9⅜-9⅝	9⅞-9½	9⅞	9¾	9	8⅞-8 15/16	9⅛-9¼	9⅞
Six months	9⅝-9¾	9⅝-9⅞	9⅝-9½	9-9¼	10⅛	—	—	—	9⅛-9¼	10⅛
Nine months	[illegible]	9⅝-9⅞	—	9⅝-9½	10¼	—	—	—	—	—
One year	9⅝-9½	[illegible]	9¾-10	9½-9⅞	10⅜	—	—	—	—	—
Two years	—	—	10⅜-10¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Longer-term local authority mortgage rate nominally three years 11-11½ per cent; four years 11½-11¾ per cent; five years 11¾-12 per cent. ф Bank bill rates in table are buying rate for prime paper. Buying rates for four-month bank bills 9⅝ per cent; four-month trade bills 10¼ per cent.

Approximate selling rates for one-month Treasury bills 8⅞-8¾ per cent; and two-month 8 13/16-8 11/16 per cent; and three-month 8 13/16-8 11/16 per cent. Approximate selling rate for one-month bank bills 9-9⅛ per cent; two-month 9⅛ per cent; and three-month 9⅛ per cent. One-month trade bills 9⅞ per cent; two-month 9⅞ per cent; and also three-month 9⅞ per cent.

Finance House Base Rates (published by the Finance Houses Association) 10½ per cent from August 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6½ per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 8.8062 per cent.

MONEY RATES

NEW YORK

Prime Rate	9
Fed Funds	8.1875
Treasury Bills (13-week)	7.24
Treasury Bills (26-week)	7.45

GERMANY

Discount Rate	3
Overnight	3.45
One month	3.5
Three months	3.7
Six months	4.15

FRANCE

Discount Rate	9.5
Overnight	7
One month	7.3125
Three months	7.4375
Six months	7.875

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.625
Bills Discount Rate	4.75

APPOINTMENTS

CONTRACTS AND TENDERS

PROPERTY

ART GALLERIES

CLUBS

APPOINTMENTS WANTED

COMPANY NOTICES

LEGAL NOTICES

EXHIBITIONS

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

Light finger pressure is all that is needed to attach papers to this noticeboard. No pins are needed and it is claimed that photographs may also be fixed to it and easily peeled off. The board measures 18 by 23 inches and several may be butted together to produce any required size. It is supplied by Oyez Stationery, PO Box 55, 237 Long Lane, London SE1 4PU (01-407 8055).

● COMPUTING

Speeds the mail orders

INDEPENDENT mail order company Empire Stores is now making use of 84 ITT 3280 visual display units at its Bradford headquarters for information retrieval, query answering and management decision taking.

Main purpose of the system, which is not concerned with order entry, is to simplify access to the large amount of information generated by the business including the 25,000 choices available in the catalogue and the 500,000 documents processed each week by the computer department. The information is held in the company's two IBM 370 mainframe computers to which the terminals are connected.

Data can be extracted from four files which cover the company's agents and the business they are doing, stock quantity and location of the items in the catalogue, stock which is with agents on approval and cash flow between agents and the company.

A credit control manager can, for example, access the record of any agent subject to query and determine creditworthiness. Or, a correspondence clerk can use a terminal to clear up a problem in one of the many thousands of letters that are received.

Documentation errors can also be dealt with. For example, an agent may omit the agency serial number or some part of the address: the number and full address can be thrown up on the screen by keying in what data is to hand.

Empire Stores' buyers are also using the system to check on the sales and stocks of any item in the catalogue—a valuable guide for future buying policy. Slow moving lines become quickly apparent.

Originally, states ITT, Empire Stores had opted for a total IBM system and then chose the ITT plug-compatible equipment with a view to reducing "the heavy rental charges."

ITT Business Systems is at Crowhurst Road, Hollingbury, Brighton BN1 8AN (0273 507111).

● ELECTRONICS

New Mullard transistors

FIVE NEW complementary transistor families by Mullard are intended to extend the company's range of preferred types in TO-220 encapsulations and provide equivalents for industry standards.

The devices have eutectic hard-soldered crystal bonding and ultrasonically-bonded crystal connections. This ensures highest reliability even under the most arduous tests, such as temperature cycling and thermal fatigue, which apply severe stress to the package.

The new transistor families are suitable for power amplifier and switching applications, including use in complementary audio output stages up to 35W into 8 ohm speakers.

Complementary Darlington families BDT62 and BDT63 supplement the capabilities already offered by BD645 and BD646 at 8A. The new families have 10A continuous collector current and collector-emitter breakdown voltages of 60V, 80V, 100V and 120V versions. Total power dissipation is 90W and the dc current gain is greater than 1000 at 3A. This is ideal for direct drive from integrated circuit logic.

Four new complementary power transistor families extend the performance offered by the already-established BD201 and BD202 families at 8A by types ranging from 3A to 10A.

Mullard House, Torrington Place, London WC1E 7HD. 01-580 6633.

Two power sources in one

INTENDED for engineers who design and test mock-ups and prototypes, a new low-cost, dual-output bench power supply from Hewlett-Packard offers two independently adjustable and isolated power sources in one compact unit.

Both of the dc power sources are of the constant voltage/current limit type with each output voltage being adjustable continuously over a 0 to 25V range. The maximum current available per output is 0.2A and is limited automatically to prevent overloading.

The HP-6234A offers flexibility to the user with output voltages that can be arranged to provide identical or different voltages in any polarity combination with respect to 0 or other common positive or negative voltage points. The outputs can also be connected in series to provide up to 50V at 0.2A. Both sources are fully isolated to permit either of the output terminals to be grounded.

With pushbutton switches, users can select either voltage or current for each output to be monitored on the unit's meter. Other features include two multiple-turn controls for precise voltage setting, regulation to 0.01 per cent and ripple and noise of less than 200 microvolts rms.

Hewlett-Packard, King Street Lane, Winnersh, Wokingham, Berks., RG11 5AR. Wokingham 784774.

● TRANSPORT

Washing the trains as they go by

IT USED to take up to 45 minutes for one person to clean a 60 ft long coach of an express train at the British Rail depot just outside Penzance—now, with the installation of a Britannia automatic train washer, buckets and brushes have been banished and cleaners have been redeployed to more pleasant tasks.

This automatically operated equipment, standing on open track one mile outside Penzance, takes just five minutes to clean eight coaches and it has been designed to accommodate and clean the curved contours of the high-speed train due to start operations to the West Country in 1979.

The travelling coaches are subjected to a pre-wet spray followed by a solution made up of oxalic acid and detergent mixed with water, well brushed in by brushes rotating in the reverse direction to the movement of the train. This section is timed to switch off automatically as the last coach passes through, and during the 350 feet of open track before arriving at the second section, the solution has plenty of time to work on dirt and grime.

As the train enters the second cleansing stage, a hydrogen peroxide mixture (if required) can be sprayed on to the rolling stock as they are brushed by brushes rotating in this instance with the direction of travel. Progressing further, the train arrives at the first water rinse section where the brushing action is against the direction of movement with jets spraying clean water at the rate of 200 litres a minute.

Finally, the train passes through a frame of high pressure clean water jets delivering 545 litres a minute to complete the washing cycle.

The system is said to have been designed and built to meet the exacting requirements of railways throughout the world. Its swing-arm brush units are operated by a patented electro-hydraulic system and include a fail-safe retraction facility.

More from the manufacturers, Smith Bros. and Webb, Britannia Works, Arden Forest Industrial Estate, Alcester, Warwickshire B49 6EX.

● PROCESSES

Wiring implanted in circuit boards

WITH THE installation by Technograph and Telegraph of the first "Multiwire" manufacturing unit in the UK, the wheel appears to have turned full circle from the early days of electronics when circuits were wired up by hand and the printed circuit board had yet to appear.

It was T & T that made it appear, in etched foil form, after World War 2, later breaking new ground with plated through holes, quantity production of multi-layer boards, and additive circuits in which the copper is placed where needed to form conductors rather than being removed (and wasted) from unwanted areas by etching.

In the latest process, copper laminate and a good deal of wet chemistry are eliminated altogether because the machine used, developed by Photocircuits (Kollmorgen) in the U.S., literally "sticks" fine wire with great accuracy on to the surface of the board, directed by a punched tape or magnetic disc stored program.

The problems of getting a good, final master layout vanish, and the photographic/chemical processes that normally follow are used only to lay down ground and power planes.

For signal lines, the customer's logic engineer provides a hand-drawn schematic of his circuit, together with a "net list" of points that have to be interconnected. A PDP 11/34 minicomputer, armed with 50 programs, sorts the data, finding the best routes for the wires and optimising the layout which is then printed out on paper and sent back to the customer who can check for undesirable layout features that might have arisen.

The outcome is a wiring sequence held in the disc store which is then simply played into the Multiwire machine, four circuits (of average complexity) emerging in about half an hour.

As a result, the company says it can offer a prototype manufacturing delivery time of five to six weeks from receipt of the schematic.

The wiring machine itself is a highly advanced piece of engineering. It consists of an X-Y co-ordinate table, servo-driven, on which four boards up to 500 x 380 mm in size can be mounted, and four associated, identically operated wire-laying heads which are pneumatically actuated and can align the wire, fed from a spool, in X, Y, and 45 degree directions.

A significant feature of the process is that the 0.16 mm wire used has a 20 micron polyimide coating, permitting cross-overs which exhibit 500 V dielectric strength.

As the table is moved, the heads place the wire to an accuracy of a few "thou" at the same time "sticking" it by ultrasonic bonding at 22 kHz.

After heat-fusing an insulating layer on to this first level of wiring in a press, further layers can be similarly added. Because cross-overs are allowed, a single level of Multiwire might be equivalent to several layers on a multilayer board of the conventional kind. Consequently such conventional boards with perhaps 20 layers can be reduced to four or five in Multiwire.

After wiring, the multi-level sandwich is drilled with great accuracy at wire termination positions, or even cutting into the sides of wires at the various levels. Granite-bedded three or four station Excellon NC drilling units are used to achieve the necessary speed and precision.

The final, and somewhat remarkable process is to plate through these holes to establish the required inter-level connections. The apparent difficulty of ensuring a union of hole-plated copper and exposed wire end is overcome by selectively etching away the polyimide cover to allow plating along a small length of the curved surface of the wire.

Technograph and Telegraph, which has spent £¾m on the two machines at Bracknell and has recently invested £3m on other process plant including a completely automatic plating line, is aiming Multiwire at those organisations that need relatively small quantities of complex boards with the minimum of delay.

It is also willing to examine the prospects of licensing other companies to use the process in-house.

The development is being held up by Technograph and Telegraph as an example of the progress being made in this field and in refutation of allegations made in a recent Larsen Sweeney survey that the UK printed circuit industry is lagging.

The company is at the moment turning over £3m in PCBs, all of them at the quality, high technology end of the market.

It is understood that this is only the first move in the campaign and that other announcements are to be expected in the coming months.

GEOFFREY CHARLISH

This machine has been designed to cut stencils on flexible oiled boards for marking cases, barrels and parcels of all shapes and sizes. There are seven models offering a choice of character sizes ranging from 2.4 mm to 26 mm. Up to 12 lines of information can be cut on a standard sheet of stencil board, the number of lines being governed by the type of machine employed. The machine is supplied by Lawtons of Liverpool, 60 Vauxhall Road, Liverpool L69 3AU (051-227 1212).

● MATERIALS

Makes it safer underfoot

BECAUSE SPILLED liquids can make a normal floor surface slippery and dangerous, current health and safety legislation decrees non-slip flooring to be virtually essential in many industrial workplaces.

Vulnerable areas are warehouse and factory flooring, car park ramps, subways, overbridges, steps, railway platforms, etc., all of which are subject to heavy pedestrian traffic.

An effective counter to this hazard is offered by Anti-Skid Coating from Protective Materials, Oakcroft Road, Chessington, Surrey (01-397 3344).

This product consists of an epoxy resin based material overlaid with a high-grade bauxite aggregate which is said to be rapid and easy to lay, requiring no skilled labour and, when finished, should provide an attractive matt black appearance. The company says surface preparation is unnecessary on fresh concrete or bituminous surfaces.

A floor can take traffic in about eight to 12 hours (depending upon the ambient temperature) and where cleanability and appearance are of paramount importance, a significant improvement can be obtained by the addition of a coat of PML Epoxy Coating.

● EXHIBITIONS

Discussing colour

THE LATEST developments and trends in the manufacture of paints and printing inks will be discussed at an exhibition of surface coating resins, pigments and other materials to be held on November 22 and 23 at St. Ermin's Hotel, Caxton Street, London, SW1.

The exhibition is being sponsored by the British Resin Manufacturers Association whose membership comprises the major UK manufacturers of synthetic resins. It also has the support of the British Colour Makers Association and is organised by Polymers Paint and Colour Journal.

Further information: International Symposia and Exhibitions, Queensway House, 2, Queensway, Redhill, Surrey RH1 1QS. (0737 68611.)

● AVIATION

Airborne radar debut

AN AIRBORNE ASW radar currently under development for the Royal Navy's Sea King helicopters, called Sea Searcher, is to make its debut at the Farnborough International Air Show (September 3-10).

This will replace the current Sea King radar system, effectively doubling the aircraft's radar search range. It is an X-band (NATO I-band) system with selectable pulse width which allows for optimisation of target detection capability in varying sea states.

The new system, along with airborne maritime reconnaissance radar, digital scan conversion systems, aircraft landing guidance systems and airborne radio equipment, will all be shown by MEL as part of the Philips in Aviation presentation on Stand N16.

Further from MEL, Manor Royal, Crawley, West Sussex RH10 2PZ (0293 28787).

● SECURITY

Thwarts car thieves

EVEN IF the doors and windows of a car are left unlocked by a thoughtless owner, an anti-theft device acts immediately to emit an alarm, says its supplier Sofare (UK), Stoke Heath, Market Drayton, Shropshire (Market Drayton 2598).

It sounds an alarm, in the event of any intrusion, by means of four ultrasonic microphones which continuously monitor the interior air space.

A warning is given if an arm is thrust through an open window but filters ensure that the alarm is not triggered accidentally by small disturbances such as insects, and the sensitivity is adjustable.

A built-in delay of 30-40 seconds allows for leaving the car after the device is set.

● PACKAGING

Strong protection

A FULLY conveyorised in-line packaging system which incorporates a shrink-wrapping technique promises greatly increased pallet protection, says Schwank, 11a St. Georges Road, London, SW19 5DR.

Specially developed for applications where large numbers of palletised goods are produced on continuous production lines, the Pack 80 system is said to offer a complete automatic in-line packaging service with a throughput capacity in excess of 70 pallets per hour.

The technique should give all round protection, particularly at the most vulnerable points—the 12 edges—where each pallet is additionally protected by a double layer of film. Because of the lower thickness film used, packaging material costs can be reduced by 20 per cent, says the company, but a much greater thickness is still provided at all corners and edges.

● CATERING

Swedish style cooking

A STEAM and/or smoke circulating system said to ensure identical cooking and flavour of all contents irrespective of their positions throughout the cabinet, is the special feature of a Swedish cooking and smoking cabinet launched in the UK by Peter Holland (Meat Machinery), St. Peters Hill, Stamford, Lincs. (Stamford 52086).

The units use either wood chip smoke or the Penova system of liquid smoke, and are made of stainless steel. They promise the benefit of further resistance to stress corrosion—an important point, when one bears in mind the unit's hot and cold cycles and the presence of chlorides, says the company.

The cabinets are supplied ready for installation and can incorporate cooling/wash sprays. They come with recipes, plus installation and process details.

BOOKS

Peering into the Murdochian mist

BY RACHEL BILLINGTON

The Sea, The Sea by Iris Murdoch. Chatto and Windus. £5.50. 501 pages

The Iris Murdoch novel conjures up the image of a board game. The pieces are the characters, moved round the board by the single hand of Miss Murdoch and revealed only throw by throw to us, the readers. The excitement arises even more from our desire to see and understand the game as a whole than from the adventures on the way.

Some might object that there is no such thing as "the Murdoch novel." Each one must be approached as an individual. Yet it is meant as a compliment. Just as a Pinter play or an Ayckbourn comedy is instantly recognisable, so is a Murdoch novel. It is a mark of a kind of genius. She found her own distinctive stamp and stamping ground early in her writing career and after 19 novels it is relatively unchanged.

There is some development. The most obvious is that she now produces unashamedly big books; *The Sea, The Sea* is 500 while until fairly recently the books tended to hover round the 300 mark. This is, in some ways, odd as her interest in a compulsive narrative line has cleary diminished, in comparison, for example, with a work like *The Bell*. She might, therefore, be expected to contract rather than expand. However her increased energy for the game of character manipulation has more than compensated.

The Sea, The Sea has as its hero one of those odious self-centred men whom we have seen before in, for example, *The Black Prince*. (The interrelation of the characters from novel to novel is a bonus rather than a drawback.) In this case, Charles Arrowby is a famous actor, playwright and director who has retired from his populous profession to live alone in a creepy house on the edge of the sea. This behaviour is more or less unbelievable, which would matter in any other novel. One is merely invigorated by being commanded to such an unaccustomed stretch of the imagination.

The narrative is told by Charles Arrowby who starts with the intention of writing his memoirs but is persuaded by the advent of too many Murdoch type events to make it a diary. He almost immediately interrupts himself with the sort of tease which might seem ham-fisted in a less confident writer.

"I had written the above, destined to be the opening paragraph of my memoirs, when something happened which was so extraordinary and so horrible that I cannot bring myself to describe it."

This playing with the role of narrator is another of Miss Murdoch's preoccupations. It is a dangerous device here as Mr. Arrowby reveals himself as an incredibly unappealing that (despite the appeal of the running gag in which he notes the excellent recipes for his every meal) one would be delighted if he jumped off a cliff by the end of the second page.

Luckily for the continuance of the book, he doesn't. (That fate is reserved for an Adonis with a hare lip who, like many of Miss Murdoch's youthful creations — apart from Penelope in *An Unofficial Rose*—was never too convincing and could have gone sooner.)

Charles remains and like some evil conductor attracts all the weird characters and events which make the Murdoch game. With such a pivotal monster there is plenty of scope for Miss Murdoch's always fascinating reflections on the nature of evil. Friends—or enemies—come to him from his past, drawn out of his recollections, to us, the reader. Their appearance on his rocky shore is always unexpected, even shocking, turning the game for a moment into a ride on a ghost train.

Rosina, an actress and ex-lover acts as a poltergeist in his house, breaking mirrors and vases before finally taking form:

"I could make out the darkly shaded alcove, the outline of the archway, the dotted mass of the bead curtain. Then, suddenly, I saw beside the wall at the far end, between the curtain and the door of the inner room, the dark motionless figure of a woman. *My first and clear* thought was that I was seeing a ghost, the ghost of the house, at last!"

A later appearance from Rosina is made at the top of a gorge from which vantage point she stones the car in which Charles is sitting with her ex-husband.

Cousin James, who is a wonderful, archetypal example of the mysterious figure with a hot-line to The East which Miss Murdoch uses to such effect, makes an even more dramatic entrance. His appearance is preceded by a noise like the Japanese wooden clappers "hyoshigi" which are used "to create suspense or announce doom." Charles is walking through the Wallace Collection suffering the effects of the night before:

"I began to walk away down the gallery and as I went my hangover seemed to be turning into a sort of fainting fit. When I reached the door at the end I stopped and turned round. A man had come into the room by the other door at the far end and was standing looking at me through the curiously brownish murky air. I reached out and put out one hand on the wall. Of course I recognised him at once. It was my cousin James."

C. P. Snow is away

The most important ghost of all, the human pivot for the book, Charles' first childhood love, Hartley, appears illuminated (like a ghost train again) by car head lights.

As always with Miss Murdoch's books, the fantastical appearance is meticulously routed in the possible—though, admittedly, the improbable. We are dimly aware that Charles' obsessive quest for his lost love, now impersonated in the shape of an ageing, fat and unlovely woman, could be told quite factually outside the Murdoch mists.

Hartley is the most painful incarnation of those weeping women that Miss Murdoch seems often to equate with supreme femininity. Just as the most strongly masculine men she describes seem to be hard, silent and impervious so the women have a tendency to be smudged, soft, and, as the tears recur, blurred almost into dissolution. Hartley spends a lot of the book in tears:

"Sitting bolt upright against the wall she was now crying as I have never seen any woman cry (and I have seen many). Tears seemed to shoot out of her eyes in torrents, then her wet mouth opened in a sort of strangled shout, an animal cry of tortured pain. Then she gave a low shuddering wail, and fell over sideways . . ."

It is a measure of the strength of Miss Murdoch's spell over the reader that one can bear to read such horror. As Charles says, "The tears of age are *not* the tears of youth," and this is the story of age.

Her spell is at its most exhilarating and daring (daring because if it fails the fabric of the game will disintegrate) in the duels, often in duologue form, between her characters. No other writer analyses their characters at such length, sets them up so carefully in one position only to move them in a flash to another. Snakes and ladders was never so sudden. Yet in all this close examination of human traits, there is never a cliché, seldom a repetition. Miss Murdoch seems to have an endless variety of words to describe an endless variety of people.

Rosina and Charles talk about Hartley in a masterpiece of cross currents:

"Come, Charles, she is an old bag, the poor thing, you can't deny it."

"Love doesn't think like that. All right, it's as blind as a bat—"

"Bats have a radar. Yours doesn't seem to be working."

"Use your intelligence, anyone can love anyone, consider Perry's Uncle Peregrine."

"Perry's what—?"

"Never mind—"

"I knew you were fibbing that day I drove you to London . . . I knew there was something going on but I thought it was Lizzie."

"I never felt like this about Lizzie."

"Well, it had better not be Lizzie."

"It isn't. Hasn't even this convinced you? I love this woman."

Characterisation is not the only noteworthy part of *The Sea, The Sea*. If the analysis seems about to become stifling, even absurd—which on occasions it does—or the confrontation between characters is raised to such a pitch that the string seems likely to snap, we are suddenly whisked outside for a refreshing look at the scenery.

Iris Murdoch: games she plays with people

The Sea, The Sea, read alone for its evocation of the sea, the rocks, the cliffs, the flowers, the pebbles the "horrid" house where Charles lives, the suburban sea-side villa in which his love-object is enshrined, would give pleasure enough. It is particularly rare to find such patient descriptions in a modern novel. For radio and television, cinema and commercials have undermined the pictorial confidence of the novelist. Moving pictures are supposed to do it better and briefer. Yet the geography surrounding Miss Murdoch's characters not only acts as a safety-net but also greatly heightens their personalities.

Perhaps the only criticism *The Sea, The Sea* merits is that it has a weak ending. We feel this to be the case as more and more of the board is revealed, and when the end finally comes, there is still disappointment. Even allowing for "the game" in which the climaxes have occurred in the course of the book rather than being carried forward to one big explosion (as in a thriller), it would have seemed possible to add a last squib to send us off reeling. The board, revealed, turns out to be just a little too much as expected.

However, that is a quibble. And may even arise out of the disappointment of finishing such an excellent book. There is a tendency to greet the arrival of a book by a writer as prolific as Miss Murdoch with the derogatory use of "another" rather than the rising note of "new." Yet *The Sea, The Sea* shows Miss Murdoch's skill as a writer as strong as ever and "the game" played at in even fiercer heat.

Sporting bag

BY TREVOR BAILEY

Seldom can a more diverse collection of sporting books have been reviewed at the same time. **The Return of the Ashes** (Pelham Books, 160 pages, £5.50) is by Mike Brearley, in conjunction with Dudley Doust, an American, best known as golf correspondent for the Sunday Times. This unlikely combination has produced an unusual cricket book packed with fine and extremely well captioned photographs. Mike describes the events and his own reflections about them when he suddenly found himself captain of England, through Tony Greig's defection to Packer. Under his shrewd, and pleasant, leadership the Ashes were regained. My one complaint is the brevity of the text. Without the pictures and the statistical padding, it is closer to a series of well written essays than a book.

It's A Funny Game (W. H. Allen, £4.95, 231 pages) is a joyful second helping of Brian Johnston's life, which he began relating in his autobiography, *It's Been A Lot of Fun*, back in 1973. Brian, who loves life, people, humour and outrageous puns continues to chatter, and chuckle about a variety of topics, including cricket, chaos in the commentary box, personalities, and Down Your Way.

The formation of Newton Heath club 100 years ago by employees of the carriage and wagon works of the Lancashire and Yorkshire Railway with a love of football, marked the birth of Manchester United. **There's Only One United** (Hodder and Stoughton £5.95, 319 pages) is the history of this great League club in their centenary year, superbly told by Geoffrey Green. His beautiful flowing style is worthy, and reminiscent of the fine sides which have captured all the honours the game has to offer. Matt Busby, Bobby Charlton, Denis Law, George Best and Tommy Docherty are just some of the people perfectly caught, but nothing is better than Geoffrey's moving description of the Munich tragedy which left so many of the Busby Babes, who must have become their greatest team, dead and dying in the snow of an airport runway. Unquestionably a football classic.

The Champions by Peter Fuller (Allen Lane, £6.50, 396 pages) is certainly a most unusual sportinging book, which purports to lay bare the secret motives driving an oddly assorted group of champions, including Bobby Fischer, Muhammad Ali, Jackie Stewart, the Campbells and Lester Piggott. Because most of the outstanding sportsmen I have encountered, including some in this book, have been such transparently uncomplicated characters, there were moments when I thought it was intended to be a glorious spoof. This impression was not helped by the third paragraph on page 385, which I failed to translate probably due to some sexual frustration on my part, but which consequently baffled a further 50 people, including some seventeen sporting journalists. Is a lost fight by Muhammad Ali really the outcome of his sublimating his castration fears? It is an interesting thought.

In Celebration of Cricket (Granada Publishing £7.50, 336 pages) has been lovingly and carefully compiled by Kenneth Gregory. He has selected some 50 master cricketers from W. G. Grace to Gary Sobers and then chosen a varied collection of writers to recapture the charm and magic of these immortals. Inevitably there has to be some unevenness in the text, but all the portraits are good and many brilliant. With writers like Cardus, Robertson Glasgow, Fingleton, Altham, Swanton, Ross, Fry and Arlott—to name just a few—how could it be otherwise? There are many fine photographs and the cover paintings are by Gerry Wright who conveys his immense feel for colour and the game.

From 1890 until the Great War, which turned the world sour, cricket flourished more brightly than it has ever done before or since. There was an abundance of personalities and great players, both amateur and professional. Large crowds flocked to see Test and County matches, and the game was becoming increasingly popular throughout an Empire on which the sun never set. All this is conveyed in **The Golden Age of Cricket** by David Frith Lutterworth Press, £8.50, 192 pages), an elegant pictorial history of a colourful era. It contains 252 black and white pictures and 52 in colour. The golden men from that golden age—W. G. Trumper, Barnes, Hobbs, Ranji, Hirst, Jessop, Spofforth are all there. It is beautifully illustrated and needs to be kept on a high shelf well away from small, grubby fingers.

APPOINTMENTS

Senior changes in Rowntree group

Mr. **Kenneth Dixon** has been appointed deputy chairman of ROWNTREE MACKINTOSH from October 19 on the retirement as a director of **Mr. Albert Norton**. Mr. Dixon will take over board responsibility for group personnel development, group management services and Press and information department. **Mr. D. B. Bowden** and **Mr. J. W. Colquhoun** join the board from November 1. Mr. Bowden will become group finance director in succession to **Mr. J. L. Mackinlay** on January 1, 1979. Mr. Colquhoun will be responsible for group policy in relation to products research and development and quality control.

In addition, the following changes in board responsibilities are announced: **Mr. J. Nutter**, appointed chairman of the UK confectionery division in place of Mr. Dixon from January 1, 1979; Mr. Mackinlay chairman of the European Division, succeeding Mr. Nutter from January 1, 1979; **Mr. I. Mackintosh**, to be director responsible for group engineering research and development policy from September 1, 1978; and **Mr. T. Copley** appointed chairman of the overseas division in succession to Mr. Mackintosh from January 1, 1979.

*

Mr. Alan Cox, general manager—commerce, Guest Keen and Nettlefolds, has been appointed chairman of GKN ROLLED AND BRIGHT STEEL in succession to Mr. J. G. Wilson, who has resigned from all his appointments in the GKN Group.

*

Mr. **Leonard A. Caldwell**, vice president of the FIRST PENNSYLVANIA BANK NA, has been appointed division head of Europe, Middle East and Africa and will be based in London.

*

Mr. **Brian W. Atkinson**, Mr. **Xavier Laureaux** and **Mr. John S. Rogers** have been appointed vice-presidents of CITIBANK'S world corporation group in the UK.

*

Mr **Douglas G. Smith**, manager of administration and operations in the London branch of FIRST NATIONAL BANK IN ST LOUIS, has been elected an assistant vice-president of the bank.

*

Mr. G. W. Moseley, a deputy secretary director general of organisation and establishments for the Departments of the Environment and Transport, is to succeed **Mr. J. M. Moore** as civil service department deputy secretary responsible for Civil Service personnel management. **Mr. N. H. Calvert**, at present director of Ancient Monuments and Historic Buildings in the Department of the Environment, will replace Mr. Moseley. Mr. Moore is to become Second Crown Estate Commissioner in succession to **Sir William Wood**, who retires in October.

*

Mr. Tommaso Zanzotto has been appointed to the newly-created position of chairman, European Co-ordinating Committee, AMERICAN EXPRESS and subsidiaries. He will be based in London.

Mr. R. C. Hotchkiss has been appointed to the Board of Z. BRIERLEY and continues as company secretary.

*

Mr. David H. Probert has been appointed chairman and managing director of JOHN BETTS REFINERS the new subsidiary of the W. Canning Group. **Mr. Stephen A. Betts, Dr. Malcolm G. Day, Mr. M. John Elliott** and **Mr. Geoffrey C. White** are appointed directors.

*

A new managing director and four appointments have been made to the Board of DREAMLAND ELECTRICAL APPLIANCES. **Mr. John F. M. Coombes** has become the managing director and joining the main Board are **Mr. M. R. Harding** (Alarmline), **Mr. E. Budd** (works),

Mr. John Coombes

Mr. J. Shave (technical) and **Mr. G. Driscoll** (marketing). All four were previously directors of the subsidiary companies Dreamland Appliances, Monogram Electric and Alarmline. **Mr. J. Ware** has been made company secretary. **Mr. A. C. Allen**, previously manager of the service division, has been appointed to the Dreamland and Monogram subsidiaries as director of service.

*

BRICO ENGINEERING, a member of the Associated Engineering Group, has appointed **Mr. H. C. Jobson** as sales director, filling the vacancy created by the transfer of **Mr. W. Wood** to another AE group company. Mr. Jobson joins Brico from Bridgeport Brass.

*

Captain P. W. Greening is to become Naval Secretary in the acting rank of Rear Admiral, in succession to Rear Admiral **P. W. Buchanan**, in November, 1978. Captain Greening will be promoted to the substantive rank of Rear Admiral in January, 1979.

*

Mr. Colin Dwyer has been appointed group sales director of DANIEL GREENAWAY AND SONS.

"The Town Hall at Auvers on the 14th July 1890"—one of many striking plates in "Van Gogh" by Jean Leymarie, the Director of the French School in Rome (Macmillan £20.00) a handsome new volume from Skira.

Swiss soldier

BY MARTIN SEYMOUR-SMITH

Undesirable Alien by Régis Debray. Translated from the French by Rosemary Sheed. Allen Lane. £4.25. 235 pages

The Walnut Door by John Hersey. Macmillan, £4.95. 23? pages

Violet Clay by Gail Godwin. Gollancz. £5.95. 324 pages

Perdido by Jill Robinson. Hutchinson. £5.50. 431 pages

Régis Debray is probably less well known as a writer—although this is his eighth book—than he is as the fighting companion of Che Guevara in Bolivia who, after Che's death, received a 30-year prison sentence, three of which he served. Before this he had been a pupil of the Marxist philosopher Louis Althusser, and Professor of Philosophy at the University of Havana.

British men of action usually fail as writers, just as British writers fail to be men of action. T. E. Lawrence and Byron are two examples. But Germany and France abound in men who combine capacity for action with writing ability: Jünger, Montherlant, Saint-Exupéry, Malraux—and of course Debray, if only in theory. In order to judge Debray's first effort in fiction we have at least to alter our sense of context. British revolutionaries seem rather ridiculous as a whole, and one would not bother to look at their novels. But French revolutionaries, however much we may disagree with or even hate them, are not ridiculous in the way our own modern ones are (there are no Tom Paines about)—and they write better novels, even if they are not good.

No reader of this excellently translated autobiographical novel could resist comparing it with the early Malraux, and it should be said at once that it is simply not in the same class. It has competence, insight and much interest; but is nonetheless still philosophical dialectic and intelligent selfanalysis cast in fictional form: it has no innate imaginative qualities.

Frank, the Swiss hero, is very like Debray's view of himself. And it is interesting that Frank, who has a full-blooded sense of humour, should be asking the same kind of questions as are asked by militant anti-Marxists. When he is finally brought to book and a vital document is taken off him for "decoding," it is this novel . . . *Undesirable Alien* is in fact as much about the tragedy of South America as it is about the existential absurdities involved in taking up rigid revolutionary positions. It is an honest and sensible book, written from a remarkably detached point of view. It is instructive about what revolutionaries—genuine ones—want, about their self-doubts, and about South America. And although Frank is Swiss, it is an excellent guide to the French temperament.

John Hersey is in the tradition of such American novelists as Sinclair Lewis (whose secretary he once was) and John O'Hara: a tradition of impeccable journalism, an eye for the item that sells, a deep-rooted philistinism (from which, it must be remembered, much that is good in American literature has sprung), an obsession with a certain kind of technological rather than imaginative craftsmanship.

The Walnut Door takes us back to the Sixties in America. Macaboy is a maker of doors—perfect doors—and of locks. A girl, grown up out of her adolescence, comes to a strange city to wait for something to happen to her. Macaboy is what happens to her. It is all done with great élan, and with a fine ear for clever, evasively meaningless dialogue. It is a good, slick read. But it seems to say nothing: it is no more than a praiseworthy object, like a painting by a master who has been asked to produce something competent on a subject in which he has no interest. The dust-jacket is valuable for its reproduction of Edward Hopper's beautiful picture "Rooms by the Sea."

The heroine of *Violet Clay*, also from America, is a designer of dust-jackets; but she does not have the quality of Edward Hopper. However, the point of Gail Godwin's novel is that this is what she aspires to. She spends her time designing jackets for Gothic novels: each picture is a variation of the theme of a terrified woman running from a gothic mansion.

The novel begins on what is for her a fateful day. Called to her publishers, she is sacked—on the grounds that it is photographs, not "insipid imitations" of gothic paintings, that sell this kind of fiction. One of the successful photographs is shown to her: it is of a girl actually being raped ("It was already happening. There was nothing anyone could do.") Readers will not of course miss the overtones here.

On that same day Violet visits a one-woman show by a painter who seems to her to have succeeded where she has failed.

And again on that day: she gets a call telling her that her Uncle Ambrose, a man who has never been able to complete a fictional masterpiece, has killed himself.

It is an excellent beginning, and excellently done: one feels not that the "symbolism" is being strained, but that, on the contrary, this is how things really do happen.

The way in which events develop is equally convincing, and Gail Godwin maintains suspense without sacrificing quality. The mixture of past and present is coherently handled. Only sometimes is the narrative spoiled by over-writing. The theme the author has chosen is a formidable and fundamental one: had she succeeded in doing full justice to it then she would be in the class of Dostoievski or Thomas Mann, which she is not. But this is an impressive try—and especially impressive is the first third of the novel.

Jill Robinson, who wrote the successful *Bed Time Story*, has produced in *Perdido* what the publishers describe as "a big, moving, Absolutely Original novel about a young girl — a Hollywood princess — living in one of the stately homes of Hollywood, a household where luxury is a substitute for love." Need I add more than the last sentence: "I'm running to him and I'm running up those steps with my hair flying and I'm flinging my arms around his neck and he opens his arms and puts them all around me."

Absolutely Original, you see: he has five (or six?) arms.

Crimes

BY WILLIAM WEAVER

Winding Sheet by Robert Cassilis. Hamish Hamilton £4.95. 222 pages

There is a point when, in writing a thriller, the author must stop introducing new characters, piling on more complications, and devote himself to the unravelling. Robert Cassilis, in this first novel, shows that, though he writes fluently and attractively, he has not learned when that point is reached.

Matthew's Hand by Charles Larson. Gollancz. £3.95. 188 pages

Charles Larson, his book's cover tells us, is a TV producer, and so is the amateur sleuth of this book. The story proceeds along two narrative lines: one develops a tale of network infighting, the other deals with the murder (or rather, murders). Both lines prove exciting. The two sets of characters—hard-bitten TV types and an embattled Mexican-American family—are totally convincing; and both settings are described with insight and appeal.

A Pinch of Snuff by Reginald Hill. Collins. £3.75. 264 pages

Inspector Pascoe's dentist casually mentions a sadistic pornographic film, being shown at the Calliope Kinema Club. Pascoe investigates, and somewhat to his astonishment, horrible things start happening: to the dentist, to the Club's premises, and to its owner.

Fearful symmetry

BY K. NATWAR-SINGH

Tiger! The story of the Indian Tiger by Kailash Sankhala. Collins. £7.95. 220 pages

Three years ago this writer gave us *Tigerland*, an excellent but limited pictorial survey of Indian wild life. His present book is a major work on the Indian tiger: more lively and better documented than most on the subject.

Mr. Sankhala comes from the State of Rajasthan. He is obviously an "original" character, who has passionate feelings about the tiger and its preservation. (One is tempted to speculate what he would do if he saw a tiger mauling a man.) His credentials are impressive. He has managed some of the best game parks and sanctuaries in India, as well as the Delhi Zoo. He has done much to propagate "wildlife" consciousness in the country. He is also an exceptionally good photographer as is clear from the superb photographs that adorn his book. It is not easy to photograph a wild tiger. Mr. Sankhala has achieved what few others have.

Mr. Sankhala has written a readable, well-researched and informative book. He tells us that India is the only country in the world where the lion and the tiger are found together: that there are 2,040 species of birds in India, compared with 2,500 in the whole of Africa which is ten times the size of India: that tigers have a very inferior olfactory sense and are not particularly attracted by human smell but have a very sharp ear. He also has a sense of the ridiculous. While stalking wild animals with his camera, he builds himself a hide-out and spends many hours there. "Although my friends laugh at my doing so, I prefer to use a roll of toilet paper when writing notes. It provides continuity, and while writing I get a philosophical feeling as if I were preparing someone's horoscope on long rolls." He is a man of patience and courage and has spent long hours watching tigers in various moods. Their mating habits and love talk are both startling and amusing, "on the first day of oestrus the frequency of copulation is low, increasing on the third day to as many as 52 times" and to attract the attention of her lover a tigress calls out, "Aung oo oo ongh" or "Aooch aooch aoonch aounch aoo." Alas, Mr. Sankhala provides no translation.

At the beginning of the 20th century, there were about 40,000 tigers in India. By 1960 their number was down to 2,500. In between an organised slaughter of the animal was in progress. Princes and Viceroys, British Generals and lesser fry all wanted to "bag" a tiger. They generally succeeded. The skin trade was lucrative.

More fundamentally the mounting pressure of population in independent India was making life difficult for the tiger. Its habitat was under constant attack and shrinking. Forests were cleared for cultivation and to feed the industrial machine. It was thus clear that unless something drastic was done the tiger would soon become extinct. "Project Tiger" was launched in India in April, 1973 with the backing and blessing of Mrs. Indira Gandhi.

It was a bold political decision: India is not, as a nation, conservation-minded. Mr. Sankhala was awarded the prestigious Jawaharlal Nehru Fellowship to undertake a definitive study of the Indian tiger. Tiger shooting was banned. The skin trade was halted. Consequently the tiger population began to show a slow increase. Mr. Sankhala has his detractors. Some of his claims regarding the success of "Project Tiger" have been questioned: his methodology challenged but there is no getting away from the fact that he was to some extent responsible for starting a serious national debate on the subject. This is not an insignificant achievement. His book will no doubt be a success. It deserves to be.

The question remains whether the tiger will survive. Unless "Project Tiger" continues to get the political support at the highest levels, the Indian Tiger can only live a precarious existence.

At the Manse

BY ISOBEL MURRAY

The Minister's Wife by Huntly Gordon. Routledge and Kegan Paul. £4.95. 216 pages

Huntly Gordon's account of his mother's life is an act of piety, in the fullest original sense. Now 80 himself, and one of an outstandingly long-lived family, he addresses himself to an account of his parents and especially his mother, who died in 1963, aged 92.

It begins as an account of his mother, Olga Constant, orphaned in India at two years old, and fostered in five English homes by the time she was 10. She triumphantly withstood the traumas that should surely have resulted. As an independently wealthy young woman on holiday in Italy in 1892, she met and fell in love with Arthur Gordon, a very promising Church of Scotland minister.

The book spills over the bounds of orthodox biography in all directions. In one sense, it ought to be called "The Minister's Family," for the children, especially Huntly himself, are often central. It also becomes a social history of the successful professional Scot of the time. Arthur Gordon was no ordinary minister, but a prominent, learned and affluent Church politician as well as a convinced and authoritative churchman. And Olga Constant Gordon was a tower of strength, activity and love.

We gather the family was affluent: with a complement of five it mustered a staff of seven. On holiday in all directions, it travelled with a convoy of luggage always including "several weeks supply of food, and the family bath" (this last was splendidly useful for carrying awkwardly shaped bits of luggage, and "we could even bathe in it").

Olga Gordon emerges as a lovable, fallible figure. Her Christian faith was always strong, but so was her awe of Royalty, and lengthy are the surviving descriptions of the "becoming ensembles" in which she was variously presented. Much as she loved her children, her sons had problems in becoming free to marry.

She came of a family of long livers: Huntly lost a great aunt in 1930 whose father fought at Waterloo. And Olga Gordon went on living after her husband's death in 1919 until 1963, both faithful to his memory and ready for new experiences—unsuccessfully attempting to learn to drive in her eighties and starting new arts and hobbies until she was ninety. Early on Huntly admires her making light of difficulties, and comments: "She would have done well at Lucknow."

Her son's book is a fitting tribute to "the minister's wife," and a vivid account of what it meant to be the minister's middle child. It is a useful fragment of social history and an engaging and readable book.

Wall St. moderately higher at mid-session

INVESTMENT DOLLAR PREMIUM
\$2.60 to £1—96% (98¼%)
Effective \$1.9305—45½% (47¾%)

DESPITE INVESTORS showing some caution ahead of the weekly money supply figures and over the uncertain direction of the dollar, the Wall Street stock market managed to struggle moderately higher at mid-session yesterday in further active trading.

The Dow Jones Industrial Average recorded a modest fresh improvement of 3.34 at 899.34 at 1 pm, while the NYSE All Common Index gained 23 cents at

Closing prices and market reports were not available for this edition.

\$59.35 and gains led losses by a seven-to-five ratio. Turnover amounted to 23.62m shares against Wednesday's 1 pm level of 26.28m.

A report on the U.S. July balance of trade, originally scheduled for yesterday, has been deferred until next week.

International Business Machines gained 1½ to \$299½. Prime Computer 1¾ to \$37¾, Data Terminal Systems ⅞ to \$44, Honeywell ½ to \$70⅞, and Control Data ⅜ to \$41⅞.

Gaming shares were mostly higher. Caesars World rose 1⅜ to \$33⅞, Bally Manufacturing 2¼ to \$49⅞ and Playboy ¼ to \$24½. On the American SE, Resorts International "A" gained 2⅞ to \$100⅜ and Golden Nugget 2¼ to \$24¾.

There was no trading in shares of Pan-American Airways and National Airlines—late on Wednesday. National said it has received an unsolicited merger offer of \$35 a share from Pan-Am, while Pan-Am said yesterday morning that it expects a good third-quarter. National last traded at \$30⅞ and Pan-Am at \$8½.

Liggett Group has offered to acquire Servomation in a stock and cash transaction valued at \$46 per Servomation share. The offer topped an earlier bid of \$42 a share from a unit of City Investing. Liggett eased ⅜ to \$36¼ but City Investing were unchanged at \$16⅞. The New York Stock Exchange halted trading in Servomation shares, which were last traded at \$43⅞.

THE AMERICAN SE Market Value Index was 1.09 higher at 166.76 at 1 pm. Volume 3.39m shares (3.38m).

Computer Investors led the actives list, adding 1⅞ at \$6⅞—it said on Tuesday that it is reducing its previously reported fiscal year loss and will be up to date on all debt repayments by December 31.

National Patent Development rose \$1 to \$9½ in an active turnover.

Canada

Stocks were mixed to firmer in another active early trade yesterday, leaving the Toronto Composite Index unchanged at 1,232.4 at noon. Banks picked up 0.96 to 289.04 and Metals and Minerals gained 1.4 at 1,039.4, but Golds shed 5.2 more to 1,484.9.

Dome Petroleum, which plans to acquire control of Siebens Oil and Gas, rose ¾ to C\$66¼, but Crush International eased ⅛ to C\$14¼ on lower nine-months earnings. United Canso Oil and Gas shed ½ to C\$10⅜ on a third-quarter loss.

Dominion Textile "A" edged up ⅛ to C\$12—the company is discussing with Staflex International the acquisition of Staflex's European division.

Tokyo

Shares on the major section finished with a majority of net losses after increased profit-taking more than erased an initial improvement. Trading remained light, with volume coming to 210m shares (200m). The Nikkei-Dow Jones Average receded 18.99 to 5,503.74 and the Tokyo SE index shed 1.02 to 419.55.

Some of the retreat was attributed to investor concern over a report on Wednesday that the Economic Trends Index in June fell below the boom-or-bust level for the first time in 10 months, warning of a possible mid-year pause in economic growth.

However, second section stocks continued to rise as the index gained 3.69 to 721.38. Volume expanded sharply to a record 52m shares, up from the prior record set on Wednesday of 47.4m.

Among leading export-orientated issues, Sony declined Y10 to Y1,530, TDK Electronics Y50 to Y2,070, Victor of Japan Y40 to Y1,190 and Matsushita Electric Y9 to Y711.

Elsewhere, Kaken Chemical lost Y80 to Y3,310, Meito Sangyo Y60 to K970, Green Cross Y60 to Y2,260, Arabian Oil Y50 to Y1,730, Santen Pharmaceutical Y48 to Y593 and Mochida Pharmaceutical Y40 to Y1,790.

In contrast, Nakayama Steel Works rose Y170 to Y1,290, Japan Air Lines Y150 to Y3,000, Dainippon Screen Y100 to Y1,070, Rohto Pharmaceutical Y98 to Y625 and Kumiai Chemical Industry Y85 to Y755.

Germany

Reflecting lack of fresh buying orders and a technical reaction after the market's recent strength, stocks became easier-inclined yesterday in slow trading. The Commerzbank index came back from its new eight-year high, established on Wednesday, to close a modest 1.3 off at 826.3.

Volkswagen, however, gained DM 1.10 more to DM 260.10, following the previous day's advance of DM 5.60, still buoyed by news of good first-half profits and hints regarding the company's development of a new engine.

The two rumoured merger targets for Volkswagen, GHH and MAN, came back sharply on Volkswagen's denial of any plans for those companies. GHH fell DM 3.50 to DM 216.30 and MAN DM 4 to DM 208.

Among Electricals, BBC shed DM 1.30 but AEG added DM 1.70. Thyssen declined DM 1.50 in Steels, while Deutsche Bank lost DM 1 and Schering, in Chemicals, DM 2.30.

Domestic Bonds continued on a dull note, with losses ranging to 35 pfennigs, outweighing gains of up to 20 pfennigs.

Paris

Market tended to slip back a little further in quiet conditions, with Construction Equipment and Construction issues, Hotels, Printings, Public Services and Motors providing the worst affected sectors.

In Motors, Peugeot-Citroen fell to below the level it was at on August 10 before its take-over bid for Chrysler-Europe, closing 7 down at FFr 479.

There was selective buying, however, and department Stores and Metals were mostly firmer, especially BHV, Lafayette, Chiers, Denain, Metal-Normandie, Saulnes, Usinor and Vallourec.

Elsewhere, individual bright spots included Bail-Equipment, Finextel, Jeumont, Matra, Maritime-Chargeurs and Pennoroya.

Australia

Markets saw little activity, although selective support occurred for some Mining issues and Industrials showed a firm bias.

Rumours of an oil flow from BHP's Seahorse No. 1 well lifted the shares further to A\$8.18 in early trading, but news that the well drilling had only encountered indications of oil bearing sandstones brought a partial reaction to A\$8.16 for a net gain of 2 cents. Beach Petroleum, which has leases adjoining BHP, rose 2 cents to 66 cents.

Among Uraniums, Queensland Mines gained 15 cents to A\$3.35 and Kathleen Investments 10 cents to A\$2.90, but Pancontinental and Peko-Wallsend eased 10 cents each to A\$14.90 and A\$6.00 respectively.

Consolidated Gold Fields rose 5 cents to A\$3.60 in response to a profits recovery, while its subsidiary Mount Lyell rose 4 to 39 cents on news that the Federal and Tasmanian Governments have extended aid to the company.

Renison, on the higher tin price advanced 20 cents to A\$10.40. CRA improved 4 cents to A\$3.29 and Metals Exploration 3 cents to 31 cents.

Among Coals Utah, A\$4.35, and Coal and Allied, A\$4.60, gained 5 cents apiece.

In Properties, Lend Lease put on 4 cents to A\$3.10 in belated response to news that its construction subsidiary, Civil and Civic, is to build a A\$40m hotel in Sydney.

Bundaberg Sugar moved ahead 10 cents to A\$3.65 and Associated Concrete 4 cents to A\$1.78.

Hong Kong

Market gained further ground in active trading, the Hang Seng index recouping 16.70 more at 666.40. Turnover on the four exchanges totalled HK\$299.55m (HK\$246.58m).

Among the leaders, Hong Kong Bank rose 30 cents to HK\$21.20, Hong Kong Land 40 cents to HK\$12.60, Hutchison Whampoa 5 cents to HK\$6.95, Jardine Matheson 30 cents to HK\$17.00 and Swire Pacific also 30 cents to HK\$10.00.

In the Property sector, New World rose 32.5 cents to HK\$8.35 on speculative demand, while Cheong Kong put on 50 cents to HK\$14.70, and Tai Cheung 20 cents to HK\$2.60.

Elsewhere, China Light firmed HK\$2.50 to HK\$34.00, Hong Kong Hotels HK\$4.40 to HK\$21.20, Hang Seng Bank HK\$5 to HK\$177.00 and Hong Kong Wharf 50 cents to HK\$37.50 on speculative interest.

Amsterdam

The recent upward movement gave way to a mixed trend yesterday.

Royal Dutch came back Fl 1.30 in Dutch Internationals.

Elsewhere, Internatio-Mueller lost Fl 3.20 to Fl 50.30 despite a 22 per cent rise in net profits. Pakhoed lost Fl 1 to Fl 40 ahead of an announcement of a first-half net loss.

Milan

After the recent good performance, stocks closed widely lower yesterday on profit-taking and closing of speculative positions.

Sales, which predominated throughout in quiet trading, especially affected SME, Bastogi and Beni Stabili, which had scored the largest gains in the previous days.

NOTES: Overseas prices shown below exclude \$ premium. Belgian dividends are after withholding tax. ◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ♭ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

CANADA

† Bid. ‡ Asked § Traded. ¶ New stock

Indices

GERMANY ◆

TOKYO ¶

AUSTRALIA

BRUSSELS/LUXEMBOURG

AMSTERDAM

SWITZERLAND ●

PARIS

COPENHAGEN ♣

STOCKHOLM

MILAN

VIENNA

BRAZIL

OSLO

JOHANNESBURG

SPAIN ♥

EUROPEAN OPTIONS EXCHANGE

BASE LENDING RATES

A.B.N. Bank	10 %	■ Hill Samuel	§10 %
Allied Irish Banks Ltd.	10 %	C. Hoare & Co.	†10 %
American Express Bk.	10 %	Julian S. Hodge	11 %
Amro Bank	10 %	Hongkong & Shanghai	10 %
A P Bank Ltd.	10 %	Industrial Bk. of Scot.	10 %
Henry Ansbacher	10 %	Keyser Ullmann	10 %
Banco de Bilbao	10 %	Knowsley & Co. Ltd.	12 %
Bank of Credit & Cmce.	10 %	Lloyds Bank	10 %
Bank of Cyprus	10 %	London Mercantile	10 %
Bank of N.S.W.	10 %	Edward Manson & Co.	11½%
Banque Belge Ltd.	10 %	Midland Bank	10 %
Banque du Rhone	10½%	■ Samuel Montagu	10 %
Barclays Bank	10 %	■ Morgan Grenfell	10 %
Barnett Christie Ltd.	11 %	National Westminster	10 %
Bremar Holdings Ltd.	11 %	Norwich General Trust	10 %
Brit. Bank of Mid. East	10 %	P. S. Refson & Co.	10 %
■ Brown Shipley	10 %	Rossminster	10 %
Canada Perm't. Trust	10 %	Royal Bk. Canada Trust	10 %
Capitol C & C Fin. Ltd.	10 %	Schlesinger Limited	10 %
Cayzer Ltd.	10 %	E. S. Schwab	11½%
Cedar Holdings	10½%	Security Trust Co. Ltd.	11 %
■ Charterhouse Japhet	10 %	Shenley Trust	11 %
Choulartons	10 %	Standard Chartered	10 %
C. E. Coates	10 %	Trade Dev. Bank	10 %
Consolidated Credits	10 %	Trustee Savings Bank	10 %
Co-operative Bank	*10 %	Twentieth Century Bk.	11 %
Corinthian Securities	10 %	United Bank of Kuwait	10 %
Credit Lyonnais	10 %	Whiteaway Laidlaw	10½%
The Cyprus Popular Bk.	10 %	Williams & Glyn's	10 %
Duncan Lawrie	10 %	Yorkshire Bank	10 %
Eagil Trust	10 %		
English Transcont.	11 %		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	12 %		
■ Antony Gibbs	10 %		
Greyhound Guaranty	10 %		
Grindlays Bank	‡10 %		
■ Guinness Mahon	10 %		
■ Hambros Bank	10 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 7%, 1-month deposits 7¼%.

† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼%, and over £25,000 8¼%.

‡ Call deposits over £1,000 7%.

§ Demand deposits 7¼%.

FARMING AND RAW MATERIALS

U.S. hopeful on world wheat pact

CHICAGO, August 24.

MR. BOB BERGLAND, U.S. Agriculture Secretary, is optimistic that an agreement in principle will be reached in October on a new International Wheat Agreement.

He said informal discussions have taken place with the European Economic Community on the EEC demand for price corridors—a key difference between wheat-producing nations and the EEC.

Mr. Bergland also predicted corn (maize) prices at some U.S. mid-west country locations could fall to $1.50 a bushel at harvest from around $1.95 recently. But he said it would be "a temporary thing," lasting for six weeks to two months at most.

He explained that depressed prices would result from the estimated record 6.5bn bushel corn crop and from having 60 per cent of the U.S. corn farmers ineligible for Government subsidies because of their refusal to take land out of production.

Mr. Bergland said it was unlikely the Commodity Credit Corporation would enter the market to buy corn in an attempt to bolster prices.

Mr. Bergland earlier assured Montana farmers the Carter Administration would not place price controls on meats.

Reuter

Spain to defy EEC fish curbs

BY ROBERT GRAHAM

MADRID, August 24.

TRAWLERMEN OF Spain's 500-vessel northern fishing fleet have decided to defy restrictions imposed on their fishing activities in EEC waters. The move follows a meeting between representatives of the trawler owners and Government officials at the Spanish Transport Ministry today, and appears to have full Government support.

Community restrictions came into effect on August 22 and on orders from the Transport Ministry all vessels of the northern fleet had returned to port by the beginning of this week.

After the meeting, trawlermen said that they would now be instructing their vessels to return to their traditional fishing grounds from this afternoon. They said they had received assurances of Government economic and legal assistance in defying Community restrictions.

The inference is that the Spanish Government will pay the legal costs of those vessels fined for contravening the Community licence quotas for fishing within the newly-established 200-mile territorial water limits, and in addition that Spain will reimburse those owners whose nets and equipment are confiscated by foreign courts. As it is, the Government is believed to have been operating a secret fund for some months whereby owners' fines in foreign courts—essentially Britain, France and Ireland—have been reimbursed.

Spain has been taken by surprise by the strength of the reaction of the fishermen based in Galicia and along the Basque coast, who have strongly resisted the 121 licences granted to the fleet to fish in Community waters. Over 500 vessels provide more than 30,000 families with their livelihoods which are now directly at stake.

Although the Government has had 18 months warning of the community's intention to enforce strict new quotas, it has done little to come to terms with the new situation. The leading liberal daily, El Pais, commented this morning that the Government had excelled itself by its absence of policy. Originally Spain had hoped to obtain about 250 licences from Brussels.

Government backing to defy the restrictions appears to be motivated both by the need to appease the fishing lobby (which is well represented in Parliament) and in an effort to strengthen its bargaining position with the Community. New talks on the subject are scheduled to begin in Brussels on September 4.

The vessels are not expected to leave port until after the week to leave port until after the weekend. The main area where they are likely to return is the western approaches to the English Channel and what is Irish territorial waters.

Say 'no' to milk board, farmers told

By Christopher Parkes

THE MILK Marketing Board yesterday announced its plans for the vital poll of dairy farmers which will determine the board's future.

Farmers Weekly this morning published an article urging dairy farmers to vote against continuation of the MMB.

The Ministry of Agriculture was taken aback by the tone of the article, which was written by Mr. Richard Pool, a beef and sheep farmer from Ilfracombe, Devon.

Mr. Richard Butler, deputy president of the National Farmers' Union commented: "The NFU expects its members to vote in favour of the board and is doing everything it can to encourage them to do so."

Mr. Pool said yesterday that British farmers would be "stupid" to vote in favour of the boards because such a vote would imply support for the Government's tactics of keeping control over agricultural policy and depriving farmers of the full benefits—including higher prices—to be gained from the Common Agricultural Policy.

The Ministry expects Mr. Pool's dissenting voice to be drowned by the outcry from dairy farmers, and described his view as "surprising."

Polling papers will be sent to all registered milk producers on October 24. The farmers will be asked if they agree to the MMB continuing under the new EEC rules.

GRAIN MARKETING

Barley surplus fears grow

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

FARMERS, who have been growing an increasing acreage of the new varieties of winter barley are finding that it is materially increasing their yields. So much so that one pioneer grower told me that he feared that if his example was followed by a majority of growers, as has already happened in other European countries, there could soon be a disposal problem.

He is far from being the only one. In France the grain producers organisation is, according to Agra Europe, pressing the Brussels Commission to do something about limiting the imports of manioc, which for the current year have reached a level of 5m tonnes. This tonnage represents, it is claimed, the equivalent of 7m tonnes of barley. Because manioc only carries a low import levy of 6 per cent it is priced very much below Community grain price levels, which are kept up by intervention buying and import levies of 50 per cent or more.

Manioc, or cassava, is the product of the Tapioca root, and is widely grown for human food in the tropical world. But the main source of supplies to the EEC is Thailand and Indonesia. The main purchasers are Dutch and German interests who have invested large sums in processing facilities in the producing countries. Manioc can be purchased in Britain and France too, for that matter, but because of the relative weakness of sterling and the franc the strong currency areas are more competitive buyers.

Manioc imports into the EEC were fairly static at around the 3m tonne mark for several years. But it is generally believed that the increasing costs of Community cereals will substantially stimulate long term investment in increasing production.

The attraction of manioc, as opposed to barley, is illustrated by the price difference between the two feeds. Manioc at present is costing European compounders between £60 and £70 per tonne cif, while barley prices expressed in sterling terms vary from £75 per tonne in the UK, to £91 in France, £98 in Holland and £105 in Germany. Some manioc which has been processed in Holland is being imported into the UK to make what is called a cereal substitute. According to the grain trade increasing quantities are being used in Britain, particularly by the larger compounders.

Intervention

So far the smaller compounders, and "home-mixers, have not been buyers. However, once the price attraction and feed value have been understood these buyers too will be interested.

Manioc is not the only cause for growers' anxiety. Certain other feeds, bran and maize products are allowed in either duty free or with a low tariff and the Dutch in particular have been making extensive use of them to the exclusion of cereals. There are also other substances such as olive pips which can be included in compounds without detriment and which help to displace the traditional cereals.

The 6 per cent levy on manioc was fixed as an aid to developing countries such as Thailand. So it is difficult to see how the Community can alter this sufficiently to assist the European cereal growers without tarnishing its image. The argument is also used that EEC farmers have intervention to support their barley prices so that they have little to worry about.

This is quite true and indeed the possibility of intervention has been sufficient to maintain prices with remarkably little going into store. In Britain only 20,000 tonnes were to disposed of last year. Cereal growers point out that the cost of exporting surplus barley and wheat ton is becoming substantial.

The EEC budget figure for 1977 for cereal and rice amounted to 743m Units of Account (some £500m), and it is possible that this figure will be substantially exceeded.

With this year's harvest hardly begun the barley market is already being sustained by intervention and the export trade. Some 2m tonnes were exported from Britain last year, and substantial quantities are already being shipped from South coast ports. It is just as well that this outlet exists, because there is considerable pressure tosell feed barley. This is partly because farmers have no storage room, an indication of a good yield, and the fact that the larger compounders are not shifting home grown barley to the extent expected.

Most of the exported barley is believed to be going to fill other EEC stores, thanks to shippers taking advantage of the Monetary Compensation anomalies. Some will eventually be sent to third countries with export restitutions which according to French sources cost the FEOGA fund £50 per tonne last year.

Yields rise

The barley problem has been aggravated by the increasing production of high yielding feed wheats which compounders will buy in preference to barley. So without the export trade the position in Britain for barley would be particularly bad.

Looking further ahead growers' anxieties are well justified. New techniques learnt from the Continent, and improved fungicides are making yields possible that were unheard of a few years ago. Already yields of four tonnes an acre of wheat are the target and approaching that for barley—double the present levels. There is no reason to doubt that substantial progress towards these yields will be made.

But if the increase is in those varieties only suitable for animal feed, which seems to be best suited for high yields, there is every reason to believe that embarrassing grain mountains are not far beyond the horizon.

Coffee nations to seek higher 'floor' price

By Our Commodities Staff

COFFEE PRICES fell on the London futures market yesterday despite confirmation that leading producers planned to seek a substantial increase in the "floor" price at next month's International Coffee Council meeting.

At a meeting in Bogota, delegates from Brazil, Colombia, Costa Rica, Mexico, Guatemala, El Salvador, Honduras and Venezuela have agreed to press consumer members of the Council for a $1.80 a lb "floor" price under the International Coffee Agreement. The current minimum is at just over 77 cents and Brazilian Arabica coffee is fetching a little under $1.50 a pound on the world market.

The Latin American producers are to meet African producers before the ICC meeting begins in London on September 13. An Ivory Coast observer attended this week's Bogota meeting.

November coffee on the London futures market fell £21.5 to £1,456.5 a tonne yesterday amid continuing confusion about the true extent of the frost damage done to the Brazilian crop

Tin tax protest in Malaysia

BY WONG SULONG

KUALA LUMPUR, August 24.

TIN MINERS, who felt badly let down by the Malaysian budget last year, are making another attempt to get the Government to relax what they consider to be the "penal taxation" on the industry.

A mining delegation, led by Mr. Rahim Aki, president of the States of Malaya Chamber of Mines, met Mr. Pau Leong, the new Malaysian Minister of Primary Industries, who gave his support for the miners' memorandum seeking tax relief.

The mining delegation is expected to meet Tengku Razaleigh, Finance Minister, within a fortnight to present its case.

Tin miners were disappointed with the budget last year which gave only minor financial incentives for marginal gravel pump mines. At the same time, the tax measures were restructured in such a way that the bigger and more efficient dredges had to pay more.

Miners often complain that their industry is the most heavily taxed, and argue that this has resulted in a flourishing trade in tin smuggling to Singapore.

Mr. Pau Leong said after the meeting that a national tin mining research council comprising representatives from the Government and private sector would be set up.

He disclosed that Malaysia's tin output for the first half of this year was 29,875 tons, 1.7 per cent more than the previous first half, and said this trend was encouraging as Malaysia's production had been declining for the past six years.

COYPUS ATTACK POTATO CROP

COYPUS, THE South American rodents that burrow into river banks and damage farm crops in East Anglia, have been moving inland during the summer and attacking potato crops.

Coypu Control, set up to stamp out the pest, caught 822 in Norfolk and Suffolk last month and said in Norwich yesterday that the animals appeared to be moving away from the marshes and seeking food inland.

FRUIT MARKETS

The Covent Garden Tenants' Association warned yesterday that the public could not be allowed to buy fruit and vegetables in New Covent Garden Market at Nine Elms. Only wholesale trading is permitted and sales to the public are forbidden by bye-laws.

The association advised consumers to shop around to find retailers passing on the price reductions caused by heavy supplies of fresh foodstuffs.

Export openings in Europe for UK lamb

BY OUR COMMODITIES STAFF

THERE IS no need for sheep production to be the "Cinderella" of the farming industry, says a report published this morning by the West of Scotland Agricultural College. There is a potential export market in Europe which UK farmers could exploit because they have "an edge over EEC competitors in enterprise structure and technical ability."

Exports now account for 20 per cent of national mutton and lamb output and the development of this trade will need to be carefully managed, the authors say. But, they add, "a relatively small increase in demand per head is well worth pursuing."

Another significant advantage of sheep farming is that it is not prone to suffer from the "political" problems — particularly those related to surpluses—which affect other sectors of the livestock industry.

The college economics division, which published the report, notes that between 1966 and 1977 per capita consumption of lamb in the UK fell by more than a third.

And it warns that if the EEC Commission's proposals for a common market regime governing trade in lamb are implemented consumption may be depressed further.

"Free trade within the Community would lead to a marked increase in UK prices either in the short term or more gradually if trade barriers were removed over a transitional period," the report cautions.

Promising export markets are to be found in Benelux, Germany, France and Italy — all are net importers of Lamb. French consumption has risen from 2.6 kilos a head in 1960 to 3.8 kilos last year.

Consumption in Germany and Italy averages only 1 kilo a head and 2 kilos in the Benelux group, but it is rising steadily.

The authors stress that the export markets can be developed provided British farmers, who account for 45 per cent of Community production, market "the right type of sheep in the right quantities and at the right time."

Reviewing lowland lamb production last year, the report says the flocks studied gave "reasonable" returns. In England and Wales there was a 31 per cent increase in the number of ewe lambs kept on for breeding. This rise was limited to only 2 per cent in Scotland where there was an overall decline in the breeding ewe flock of 1 per cent.

Longer-term prospects were difficult to assess because of uncertainties about policy in the EEC.

An assessment of Lowground Lamb Production, the West of Scotland Agricultural College, Auchincruive, Ayr

Tea duty compensation sought

BY OUR OWN CORRESPONDENT NEW DELHI, August 24.

THE ASSAM State Government has asked the Central Government for Rs 280m as compensation for loss of revenue last year (1977-78) due to the export duty on tea.

Mr. Golap Borbora, the Assam Chife Minister, said the duty reduced the assessable profit of tea companies by Rs 730m and the State lost Rs 280m of revenue.

Last year, the Central Government imposed an export duty of five rupees per kg to mop up part of the profit earned from high world prices.

The tea industry has been complaining that the export duty has reduced its competitiveness now that world prices have fallen.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Barely changed on the London Metal Exchange. Forward metal opened at £765, reflecting the firmness of overnight New York markets. Hedge selling then saw the price ease back to £762 but rumours that South African troops had crossed the Zambian border caused the price to lift to £769. In the afternoon, however, aggressive selling from one quarter depressed the price to £761 before it rallied marginally to close at £765.5 on the late kerb. The contango widened to £14.75, reflecting freer lending. Turnover 38,950 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £752.5, three months £768, 8.5, 9, 8, 7.5, 7, 6.5, 7. Cathodes, cash £743.5, three months £760, 59.5. Kerb: Wirebars, three months [illegible]. Afternoon: Wirebars, three months £767, 66.5, 66, 65.5, 65, 64.5, 64, 65. Kerb: Wirebars, three months £765, 64.5, 65, 65.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	752.5-3	+7	749.5-50.5	.5
3 months	767.5	+8.5	764.5-5	+.5
Settlem't	753	-7	—	.....
Cathodes				
Cash	743.5 4.5	+4.25	742.5	+1
3 months	759.5-60	+8.5	757.8	+1
Settlem't	744.5	+4.5	—	.....
U.S. Prmt.	—	..	85-66	.....

TIN—Lower. After opening at £6,710 owing to the steadiness in Penang some good buying against U.S. and European physical business lifted forward standard metal to £6,720 in the morning rings. But this trend was reversed in the afternoon as bull liquidation pushed the price down to £6,670. However, renewed U.S. physical demand enabled values to recover slightly on the late kerb with forward metal finally £6,665. Turnover 1,175 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6745-55	-15	6680-700	-47.5
3 months	6750-70	-30	6680-700	-40
Settlem't	6755	-15	—	
Standard				
Cash	6745-55	-15	6680-700	-47.5
3 months	6750-60	-20	6660-70	-42.5
Settlem't	6755	-15	—	
Straits E	†1005	-1	—	
New York	—			

[illegible]

LEAD—Slightly firmer. [illegible]

ZINC—Quietly firm. [illegible]

SILVER

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

SOYABEAN MEAL

The market opened £2.50 up following the steady Chicago market. Values remained in a narrow range until late in the trading session when renewed outside buying interest encouraged by steady Chicago market and stop-loss buying saw prices rise sharply. Profit-taking at the close, however, trimmed some of the gains and market finished [illegible] higher.

[illegible]

SUGAR

LONDON DAILY PRICE [illegible]

[illegible]

GRAINS

LONDON FUTURES [illegible]

[illegible]

WOOL FUTURES

[illegible]

RUBBER

[illegible]

MEAT/VEGETABLES

[illegible]

COVENT GARDEN (prices in sterling per package except where otherwise stated)—Imported produce: Oranges—Sth African: Valencia Late 4.00-5.00; Brazilian: Valencia Late 3.70-4.00. Californian: Valencia Late [illegible] 4.00-6.20. Lemons—Italian: 100/120s new crop 5.00-5.20. Spania: Trays 1.80-2.40, large boxes 4.50-5.50; Sth. African: 5.00-7.00. Grapefruit— [illegible]

[illegible] Lettuce—Per 12 round 0.70-0.80, Cos 1.20, Webbs 0.50. Cucumbers—Per tray 12/24s 1.40-1.60, new crop 1.60-2.00. Mushrooms—Per pound 0.20-0.30. Apples—Per pound Grenadier 0.03-0.04, Lord Derby 0.05, George Cave 0.08-0.10, Bramleys 0.08-0.10, Discovery 0.12-0.17, Tydeman's 0.10-0.14. Tomatoes—Per 12 lb English 1.60-1.80. Cabbages—Per crate 0.70. Celery—Per head 0.08-0.10. Cauliflowers—Per 12 Lincoln 1.00-1.50. Runner Beans—Per pound Stick 0.15-0.16, Ground 0.06-0.08. Peas—Per pound 0.05-0.06. Beetroot—Per 28 lb 0.70-0.80. Carrots—Per 28 lb 0.50-0.60. Capsicums—Per pound 0.18-0.20. Courgettes—Per pound 0.05-0.07. Onions—Per bag 1.00-1.80. Swedes—Per 28 lb 0.70. Turnips—Per 28 lb 1.00. Plums—Per pound Laxtons 0.07, Bullies 0.12, Czars 0.06, Pershores 0.06-0.07. Parsnips—Per 28 lb 1.30-1.80.

Big olive oil yield forecast

WASHINGTON, August 24.

SPAIN'S OLIVE OIL crop this year is forecast by trade sources at 500,000 to 550,000 tonnes — almost 48 per cent above the Spanish Minister of Agriculture's estimate of the 1977 crop.

Favourable spring and early summer conditions have raised hopes of a good crop of oil olives, but the final outcome will depend on conditions between now and harvest in mid-December.

Trade sources indicate that olive fly infestation is more serious than in 1977 when both volume and quality of the oil were considerably reduced.

GHANA COCOA PURCHASES

ACCRA, August 24.

Purchases of Ghana's mid-crop cocoa for the 12th week of the current purchasing season (ended August 24), amounted to 204 tonnes, the Ghana Cocoa Marketing Board announced today. This takes cumulative purchases to 7,511 tonnes.

Last year, when purchases began two weeks later, total purchases by August 25 amounted to 5,347 tonnes and by the twelth week of the season to 10,872 tonnes.

Last year's Ghana mid-crop finished on October 6 with cumulative purchases totalling 14,495 tonnes.

Reuter

PRICE CHANGES

Price per tonne unless otherwise stated.

	Aug. 24 1978	+ or —	Month ago
Metals			
Aluminium	£680		£680
Free market (cis)	$1,055-65		$1045-55
Copper cash W.Bar	£750	-0.5	£722.25
3 months do. do.	£764.75	-0.5	£744.25
Cash Cathode	£742.5	-1.0	£718.25
3 months do. do.	£757.5	+1.0	£740.5
Gold Troy oz.	$202.625	-2.25	$194.125
Lead cash	£332.75	-1.5	£310.5
3 months	£341.25	-1.75	£319.5
Nickel			£2,566
Free Market(cif)(lb)	$1.79		$1.70
	1.92		1.85
Platinum troy oz.	£124.5		£128
Free Market	£137.25	-0.9	£132.70
Quicksilver (76lb.)	$125.30		$125.50
Silver troy oz.	283p	-4.1	285.7p
3 months	289.55p	+3.75	293.1p
Tin Cash	£6,690	-47.5	£6,555
3 months	£6,665	-42.5	£6,445
Tungsten [illegible]	$154.24		$140.57
Wolfram 22.04 lb cif	$137.41		$130.45
Zinc cash	£323.5	-1.5	£310
3 months	£329.625	-0.575	£320.5
Producers	$626		$550.600
Oils			
Coconut (Phil)	$700	-5.0	$650
Groundnut	£663	-15.0	£648
Linseed Crude (v)	£326		£334
Palm Malayan	$590	-20.0	$546
Seeds			
Copra Phillip	$470		$435
Soyabean (U.S.)	$262.8		$257
Grains			
Barley EEC			
Home Futures	£80.65	-0.3	£82.2
Maize			
French No. 3 Am	£100.25	-0.25	£102
Wheat			
No. 1 Red Spring	£91.25	-1.0	£92.0
No.2 Hard Winter			
English Milling	£89.5		£91.25
Cocoa Shipment	£1,651.5	-5.5	£1,809
Future Nov.	£1,721.2	-3.25	£1,745.5
Coffee Future			
Nov.	£1,455.5	-21.5	£1,241
Cotton 'A' Index	78.25c		70.45c
Rubber kilo	57.25p	-0.5	54p
Sugar (Raw)	£92	-1.0	£84
Wooltops 64s kilo	278p		283p

* Nominal. † New crop. ‡ Unquoted. m June-Aug. n July-Sept. q Sept. r Oct. s Sept.-Oct. u Aug.-Sept. x Per ton. z Indicator price.

INDICES

FINANCIAL TIMES

Aug. 23	Aug. 22	Month ago	Year ago
247.91	245.13	232.43	241.55

(Base: July 1, 1952=100)

REUTER'S

Aug. 24	Aug. 23	Month ago	Year ago
1457.4	1452.6	1423.3	1482.0

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Aug. 23	Aug. 22	Month ago	Year ago
Spot	364.85	357.82	351.05	358.50
Futures	359.04	364.22	336.63	330.05

(Average 1924-25-26=100)

MOODY'S

Moody's	Aug. 23	Aug. 22	Month ago	Year ago
Spple Commty	936.5	950.5	912.0	940.3

(December 31, 1931=100)

GRIMSBY FISH—Supply good and demand good. Prices per stone at ship's side (unprocessed): Shelf cod £4.00-£5.50, codlings £2.50-£3.40; large haddock £4.80-£5.30, medium haddock £4.00-£4.50, small haddock £2.40-£3.20; large plaice £4.40-£4.50, medium plaice £4.20-£4.50, best small plaice £3.50-£4.00; skinned dogfish (large) £6.30, medium £4.50, lemon soles [illegible]

U.S. Markets

Rally by precious metals

NEW YORK, August 23.

AFTER initially opening sharply lower on reports of increased U.S. gold sales, precious metals rallied with silver closing higher. Gold was very steady even though lower on Commission House and computer buying, Bache reports. Copper closed higher on Commission House buying on rumours of labour unrest in Chile and rumours of LME stocks falling next week.

Cocoa—Sept. 151.15 (148.25), Dec. 150.05 (149.00), March 147.10, May 144.45, July 141.95, Sept. 139.70, Dec. 137.10. Sales: 433 lots.

Coffee—"C" Contract: Sept. 149.00 (151.37), Dec. 140.00-140.50 (140.24), March 131.50, May 129.00-129.50, July 125.00-130.00, Sept. 119.00-128.00, Dec. 118.00-127.00. Sales: 1,270 lots.

Copper—Aug. 65.25 (64.50), Sept. 65.35 (64.90), Oct. 65.85, Dec. 67.10, Jan. 67.50.

This edition went to press before the latest U.S. commodity prices were available.

March 68.50, May 69.30, July 70.05, Sept. 70.75, Dec. 71.60, Jan. 71.95, March 72.55, May 73.15.

Cotton—No. 2: Oct. 62.95-63.10 (62.60), Dec. 64.94-64.95 (64.47), March 66.85, May 67.50, July 68.40, Oct. 66.00 bid, Dec. 65.90-66.00.

*Gold—Aug. 202.50 (204.80), Sept. 202.70 (205.00), Oct. 204.10, Dec. 207.10, Feb. 210.10, April 213.20, June 216.30, Aug. 219.40, Oct. 222.90, Dec. 226.30, Feb. 229.70, April 231.10, June 236.60.

†Lard—Chicago loose not available. NY prime steam 27.00 traded (same).

‡Maize—Sept. 221½-221¾ (224½), Dec. 226½-225¾ (227½), March 234½-234¼, May 239½, July 242½, Sept. 244½.

§Platinum—Oct. 264.20-265.00 (265.60), Jan. 266.10-267.00 (267.60), April 269.50, July 271.40-271.60, Oct. 273.30-274.10, Jan. 277.50-277.70, April 280.90-281.10. Sales: 1,703 lots.

*Silver—Aug. 541.50 (537.90), Sept. 542.60 (539.70), Oct. 545.00, Dec. 553.00, Jan. 556.80, March 563.00, May 573.40, July 581.90, Sept. 590.70, Dec. 604.20, Jan. 608.50, March 618.00, May 627.10. Handy and Harman spot bullion: 534.70 (536.50).

Soyabeans—Aug. 654½-654 (645½), Nov. 641-642 (631½), Jan. 647-648, March 654½, May 658, July 660, Aug. 657½.

Soyabean Oil—Sept. 25.70-25.75 (25.12), Oct. 24.65-24.70 (24.22), Dec. 23.90-23.70, Jan. 23.30-23.40, March 23.20, May 23.10, July 22.85, Aug. 22.65.

Soyabean Meal—Aug. 169.50-170.00 (169.00), Oct. 160.50-170.00 (167.90), Dec. 171.60-171.40, Jan. 172.00-171.80, March 173.50-174.00, May 175.00, July 176.30, Aug. 176.50.

Sugar—No. 11: Sept. 7.04-7.05 (6.95-6.98), Oct. 7.07-7.10 (6.98), Jan. 7.71, March 7.71-7.72, May 7.85-7.86, July 8.04, Sept. 8.21-8.22, Oct. 8.30-8.32, Jan. 8.30-8.60.

Tin—555-595 nom. (560-595 nom.).

**Wheat—Sept. 329½-330 (324), Dec. 324½-326 (320½), March 323½-323, May 320-319½, July 310½-310, Sept. 315 nom.

WINNIPEG, August 23. ††Rye—Oct. 91.20 bid (91.50 bid), Nov. 92.30 bid (92.20 nom.), Dec. 90.50-90.70 bid, May 94.50 asked, July 96.20.

††Oats—Oct. 72.90 bid (72.80 bid), Dec. 73.00 asked (71.00 bid), March 72.00-72.90, May 71.90 bid, July 70.70 asked.

††Barley—Oct. 71.90 (71.00), Dec. 72.60 bid (71.80), March 72.40 bid, May 72.40 bid, July 72.10 nom.

§§Flaxseed—Oct. 246.00 bid (240.50 bid), Nov. 244.75 bid (242.00 asked), Dec. 245.00-245.50, May 250.00 bid, July 246.00.

**Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 165.61 (163.13).

CHILE FISHMEAL PRODUCTION

CHILEAN FISHMEAL output so far this year totals 150,000 tonnes, compared with the record 220,000 tonnes for the whole of last year. Government officials said.

Reuter

STOCK EXCHANGE REPORT

Reluctance of buyers imparts nervousness in equities

30-share index falls 9.9 to 509.3—Gilts and golds steady

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Aug. 7	Aug. 17	Aug. 18	Aug. 30
Aug. 21	Aug. 31	Sep. 1	Sep. 12
Sep. 4	Sep. 14	Sep. 15	Sep. 26

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

With little else to occupy market thoughts but revived conjecture about election possibilities *and the approaching holiday* week-end, equities became a little more nervous yesterday. The influence of the holiday was discernible all day not only in the negligible amount of enthusiasm shown on the buying tack but also in dealers' reluctance to carry stock on their books over the three-day holiday.

Offers of reasonable lines of stock to institutional sources met with little enthusiasm and the tone deteriorated throughout following a constant stream of selling orders from private clients. During the last hour or so of official business the fall gathered pace when a move by dealers to tempt fresh demand by lowering values achieved the opposite effect, provoking further offerings *from loose holders.*

The FT Industrial ordinary share index as a result extended a loss of 6.6 at the 3 pm calculation to 9.9 at the final count of 509.3. Most secondary issues were caught up in the malaise, while features arising from special situations and concerns reporting news items were noticeably fewer: this was reflected in the 7-to-2 ratio of falls to rises in all

Steadied by a rally in the bullion price, South African Gold shares edged forward in quiet *trading and were finally aided by* small American interest. The further reaction in the investment currency premium was of little consequence.

Gilt-edged securities passed a particularly uneventful session. Marginal early gains were later rescinded but not through the announcement of unchanged Minimum Lending Rate, which was as expected. In Corporations, **Kensington and Chelsea Variable** 1983 made an uninspiring debut at 99¼, while **Southern Rhodesian** *bonds were lowered on overnight* business following revived uncertainty in East Africa: the 2½ per cent 1965-70 issue closed 4 points down at £51.

The volume of business in investment curency failed to *improve and revived arbitrage* selling took a further toll on the premium which settled 2½ points off at the day's lowest of 96 per cent. Yesterday's SE conversion factor was 0.6850 (0.6796).

The market in Traded Options was much quieter yesterday. Only 671 contracts were recorded compared with the previous two-day average of around 900. Land Securities were popular, however, recording 245 deals, while ICI totalled 99.

The major clearing banks repeated the previous day's *quietly dull trend.* ***Lloyds** drifted* down 7 to 263p, while **Barclays** and **Midland** receded 3 to 330p and 337p respectively and **Nat-West** softened 2 to 273p. Elsewhere, profit-taking after recent firmness left **Standard Chartered** *6 down at 448p.* ***Commercial Bank*** of Australia closed 4 off at 214p despite the higher annual earnings.

Insurances contributed to the overall dullness. **Sedgwick Forbes** cheapened 3 to 465p following the interim statement, while **Matthews Wrightson** eased 5 to 192p and **Willis Faber** gave up 7 to 273p: the latter's interim results are due on September 12.

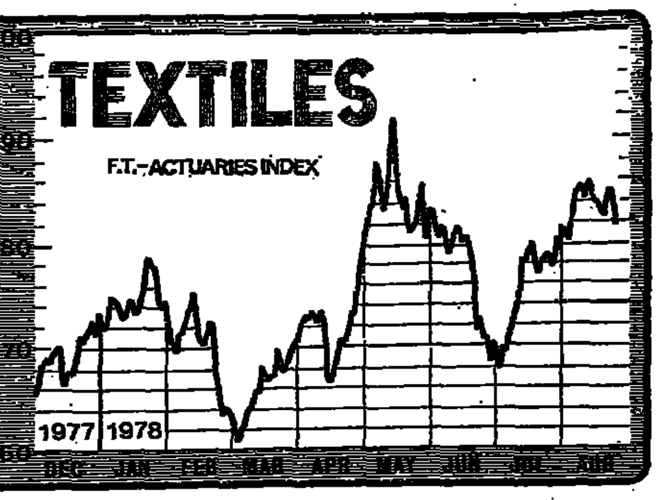
Sellers predominated in the Building sector. **Blue Circle**, down *12 at 290p, after 286p, on the disappointing half-yearly results* made for uncertainty in Cements where **Tunnel** reacted 8 to 292p *and **Rugby** 3 to 87p. Recent dullness* in Contracting shares became more noticeable; **Taylor Woodrow** lost 12 to 494p and **Richard Costain** *10 to 224p, while the lower* interim profits left **Newarthill** 6 cheaper at 150p. Falls of around 6 were also marked against **J. Laing "A,"** 214p, and **J. Mowlem**, 136p. Elsewhere, **Tarmac** gave up 4 to 170p and **Marley** 3 to 84p. **Travis and Arnold**, up 6 more at 163p, and **Magnet and Southerns**, 5 higher at 222p, moved against the trend.

Chemicals gave ground with persistent small selling mainly responsible for a reaction of 10 to 400 in **ICI**, while **Fisons** *drifted lower to close 7 cheaper at 380p.*

Stores easier

Closing quotations of the leading Stores were the lowest of the day. **W. H. Smith A** finished 7 off at 183p and **Marks and Spencer** 3 down at 88p. **House of Fraser** ended a penny off at 167p, after 170p, following the uninspiring interim statement. Elsewhere, further profit-taking in the absence of fresh bid news clipped 5 more off **Bourne and Hollings*worth*** *at 275p.* ***K. O. Boardman*** International, however, edged forward a penny to 19½p on further consideration of Wrengate's recent acquisition of a near-30 per cent stake in the company.

Electricals came on offer in the late trade and share prices finished at the bottom. **Thorn Electrical** fell 4 to 394p, and similar losses were recorded in **EMI**, 130p, and **GEC**, 309p. **Allied Insulators** expressed disappointment with the interim figures with a fall of 4 to 66p, while news of the chairman's caution in regard



to prospects for the semi-conductor industry in the U.S. left **Unitech** a like amount off at 145p. ***Ward and Goldstone**, a good* market of late on the announcement of the company's diversification into the electronics industry, touched a 1978 peak of 106p before closing a net 5 better at 105p. Higher first-half profits lifted **Lec Refrigeration** 2 to 80p.

Dull conditions prevailed in the Engineering leaders. Closing levels were the day's lowest as further profit-taking brought about a fresh fall of 12 to 460p in **John Brown**, making a reaction on the week so far of 33. Late selling left **Tubes** 10 lower at 422p, while **GKN**, 287p, and **Hawker**, 238p, receded 7 and 6 respectively. Elsewhere, **Smith Wallis** stood out with a rise of 13 to 8?p in response to the trebled annual profits and **Victor Products (Wallsend)** gained 10 more to 243p, after 250p, with sentiment still buoyed by the record profits and proposed scrip issues in *ordinary and preference shares.* **Whitehouse** firmed 6 to 100p and **Hill and Smith** added 3 at 85p, but **Renold** lost 5 to 137p and **Aerow A**, 102p, and **Davy International**, 289p, declined 4 apiece.

Press comment on the pre*liminary figures brought fresh* selling pressure to bear on **Associated Dairies** which lost 14 to 240p for a two-day reaction of 25. *Elsewhere in Foods, growing* acrimony over the Allied Breweries bid, worth around 155p per share, clipped 3 more from **J. Lyons** at 126p. The optimistic tenor of the chairman's statement failed to sustain **Avana** which *eased 1½ to 47½p,* while, despite indications of an early end to the current bakery dispute, **Associated British Foods** lost a penny to 74p and ***RHM** declined 1½ to 58p.* ***J. B. Eastwood*** shaded 3 to 142p awaiting fresh developments in the bid situation, while similar losses were recorded in **Bejam**, 65p, and **J. Sainsbury**, 227p. Hotels and Caterers were noteworthy only for a *speculative* flurry in **Queen's Moat Houses** which finished 2½ up at a 1978 peak of 45½p.

Misc leaders sold

Falls of around 4 or 5 in the miscellaneous Industrial leaders by the *House close were doubled* in inter-office dealings following a late bout of profit-taking. **Beecham** finished 11 down at 710p and **Unilever** closed 10 off at 580p, while **Glaxo**, 624p, **Pilkington**, 630p, and **Turner and Newall**, 185p, all ended 8 cheaper. **Boots** lost 5 at 228p as did **Reckitt and Colman**, to 515p, **Rank Organisation**, at 278p, gave up 2 of Wednesday's rise of 8 which followed news of the group's joint television venture with Toshiba. Secondary issues plotted an irregular course with **London** ***Pavilion** up ¼ more to £9½ on con*tinuing bid hopes and **Photo-Me International** 10 to the good at 305p on buying in a thin market. **Aeronautical and General** *Instruments* fell away to 75p on initial disappointment with the preliminary results but rallied later to close only 2 down on balance at 83p. **Booker McConnell** relinquished 6 to 282p despite U.S. acquisition details and **Restmor** at 183p, lost 4 of the recent rise which *followed the excellent* results and proposed 200 per cent scrip-issue. **De La Rue** shed 9 to 467p and **Hunting Associated** 5 to 320p.

Noteworthy movements were few and far between in a *neglected Motors and Distributors* sector. **Lucas Industries** were unusually dull at 330p, down 6, while **Armstrong Equipment**, 64p, **Associated Engineering**, 123½p, and **Jonas Woodhead**, 97p, all closed around 2 cheaper. **H. Perry**, at 130p, lost 2 of the recent advance on light profit-taking. Isolated firm spots were provided by **T. C. Harrison**, 3 harder at 120p, and **Caffyns**, 6 to the good at a 1978 peak of 113p.

Newspapers tended easier in quiet trading. **Thomson**, a firm market recently on news of the joint U.S. gas and oil venture, reacted 10 to 260p. **Daily Mail "A"** eased 5 to 355p and **Associated** 3 to 193p. Elsewhere, **Collett Dickinson** continued to attract buyers and put on 2 further to a peak for the year of 83p, while **Sir Joseph Causton** were noteworthy for a rise of 2½ to 19½p.

Properties held up reasonably well *until the last hour or so of* business. **Great Portland** closed 8 down at 388p and **B. Sunley** recorded a similar fall at 270p. Scattered selling left **Stock Conversion** 4 cheaper at 262p, while **Town Centre**, 72½p, and **Law Land**, 44½p, both eased 2½p. **MEPC** gave up 3 to 141p in the leaders. **Westminster**, however, hardened a penny further to 23p following *the* recent announcement that negotiations are taking place with regard to a possible acquisition.

Oils turn dull

Oils took on a distinctly dull appearance, particularly in the latter stages of trading. Persistent small selling and the absence of support left its mark on **British Petroleum** which drifted down to *close 14 cheaper at 902p:* the result of the company's second well-drilling on block 206 in the Shetlands was not a helpful *factor.* ***Shell** also came on offer* and reacted 8 to 590p, while dollar premium influences left **Royal Dutch** a point lower at £47. Fading bid hopes were responsible for a fresh reaction of 16 to 360p in **Siebens (U.K.)**.

Investment Trusts once again took a back seat with investors showing little interest. **Jersey External Preferred** moved up 4 *to a 1978 peak of 196p, but small* selling clipped 2½ from **Jardine Securities** at 143½p and 3 from **Carliol Investment** at 127p.

Dalgety, which reported preliminary figures on September 12 last year, fell 8 to 304p in an otherwise little-changed Financial section.

Among Textiles, **Courtaulds** *eased back late and closed* 5 cheaper at 116p. Tobaccos also eased with **Imps** losing a penny to 86p and **BAT Industries Deferred** 4 to 300p.

Following Wednesday's late jump of 35, **Guthrie** traded erratically before closing 10 cheaper on the day at 390p. South Africans provided a couple of dull *spots in* **O.K. Bazaars**, 15 off at 425p, and **Anglo American Industrial**, 25 easier at 660p.

Golds steady

South African Golds staged a modest recovery after the recent heavy shake-out in line with a steadier bullion price which closed $2.25 better at $202.625 per ounce.

Prices were *marked up* at the outset and thereafter traded quietly until the late after-hours business when small U.S. demand saw them edge further ahead. The Gold Mines index regained 2.1 to 177.3.

Among heavyweights ***Randfontein*** attracted a fair demand and closed ¾ up at £37½ but other issues were usually only around ⅛ to ¼ higher.

Lower-priced stocks to register good gains included **Grootvlei**, 7 *better at 114p*, **Elsburg**, 5 *firmer* at 121p and **Venterspost**, which put on 9 to 231p.

South African Financials moved similarly to Golds. **De Beers** eased back to 426p before recovering on American buying to finish *a penny harder at 429p; the new* Koingnaas diamond mine in Namibia (South West Africa) was opened yesterday and is expected to produce in the region of 540,000 carats a year.

On the other hand **"Amcoal"** receded 20 more to 660p following continued Cape selling.

Platinums were steady as were Coppers. Australians, however, *generally eased* reflecting the continued lack of direction in overnight domestic markets coupled with the lower investment currency premium.

North Broken Hill, however, hardened a penny to 126p despite the fall in profits. Of the diamond exploration stocks, **Conzinc Riotinto** gave up 6 to 284p and **Northern Mining** slipped 4 *to 110p.*

Tins were subdued with the exception of **Tehidy Minerals**, which dropped 4 to 69p, following the new agreed takeover bid from **South Crofty**; the latter closed a penny cheaper at 59p, while **Saint Piran** were 2 cheaper at the same price.

Elsewhere, overnight Canadian selling prompted a further loss of 7 *in* ***Yukon Consolidated**, 165p.*

FOOD PRICE MOVEMENTS

	August 24 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,115	1,115	1,115
British A.1 per ton	1,085	1,085	1,085
Irish Special per ton	1,085	1,005	1,085
Ulster A.1 per ton‡	1,085	1,085	1,085
BUTTER			
NZ per 20 kg	12.59/12.72	12.59/12.72	12.59/12.72
English per cwt†	74.11	74.11	74.11
Danish salted per cwt†	76.98/79.52	76.98/79.52	74.98/77.55
CHEESE¶			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,275	—	1,202.10
EGGS*			
Home-produce:			
Size 4	2.30/2.60	2.40/2.60	2.60/2.75
Size 2	3.00/3.40	3.00/3.70	3.50/3.80
	August 24 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	54.0/58.0	54.0/58.0	54.0/58.0
Eire forequarters	36.0/37.0	—	35.0/39.0
LAMB			
English	52.0/58.0	54.0/57.0	54.0/60.0
NZ PLs/PMs	53.0/54.0	53.0/54.0	53.0/55.0
PORK (all weights)	36.0/44.0	37.0/44.0	35.0/44.0
POULTRY—Broiler chickens	34.0/41.5	36.0/39.0	36.5/38.5

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery August 27-September 3.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	13	902	−14	926	720
Shell Transport	25p	12	590	− 8	602	484
ICI	£1	11	400	−10	414	328
Assoc. Dairies	25p	9	240	−14	273	205
Rank Organisatn.	25p	9	278	− 2	284	226
British Land	25p	8	46	− 1	48	28
Metal Box	£1	8	376	—	376	288
United Scientific	25p	8	380	− 2	382	260
BATs Deferred	25p	7	300	− 4	304	227
De Beers Deferred	R0.05	7	429	+ 1	464	285
Guthrie	£1	7	390	−10	400	211
Brown (J.)	£1	6	460	−12	495	231
De La Rue	25p	6	467	− 9	476	230
Distillers	50p	6	198	− 3	204	163
Glaxo	50p	6	624	− 8	635	515

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs. There were no new Lows.

NEW HIGHS (74)

CANADIANS (1)
Place Gas

BANKS (2)
Brown Shipley; Trade Development

BEERS (2)
Border Brews.; W'hampton Dudley

BUILDINGS (5)
Crouch (D.); Magnet & Sthns.; Henderson (P. C.) A; Meyer (M. L.); Ibstock Johnsen

CHEMICALS (1)
Farm Feed

STORES (7)
Bakers Stores; MFI Furniture; Boardman (K. O.); Midland Educational; Hardy (Furn.) A N-V; Reed (Austin) A; Henderson-Kenton

ELECTRICALS (2)
Ward & Goldstone; Whitworth Elec.

ENGINEERING (10)
Brockhouse; Hill & Smith; Cooper Inds.; Molins; Dennis (J. H.); Saville Gordon; Drake & Scull; Victor Products; Hall Eng'g; W.G.I.

FOODS (3)
Cullens; Barker & Dobson; Do. A

HOTELS (1)
Queens Moat Houses

INDUSTRIALS (16)
Baird (Wm.); M.Y. Dart; Brammer (H.); Marling Ind.; Centrewav; Oce Finance Cv.; Cosalt; Photo-Me; Diploma Invs.; Sale Tilney; Durapipe; Siebe Gorman; Hay (Norman); Sketchley; Lindsay & Williams; Watsham's

LEISURE (1)
Nationwide Leisure

MOTORS (1)
Caffyns

PAPER (4)
Bemrose; East Lancs.; Collett Dickenson; McCorquodale

PROPERTY (2)
United Real Prop.; Westminster Prop.

SHIPBUILDERS (1)
Yarrow

TEXTILES (1)
Tern-Consulate

TOBACCOS (1)
Dunhill (A).

TRUSTS (12)
Crescent Japan; New Throg. Cap.; Danae (Cap.); Tor Inv. Cap.; Dominion & Gen.; Trans. Oceanic; Jardine Japan; Trust Union; Jersey Ext.; Common Mkt. Trust; Moorgate Inv.; Haw Par

MINES (1)
Mincorp

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	14	8	55
Corpns. Dominion and Foreign Bonds	5	10	49
Industrials	150	496	892
Financial and Prop.	46	152	312
Oils	—	16	19
Plantations	5	2	24
Mines	43	36	49
Recent Issues	5	10	23
Totals	268	730	1,423

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
90	F.P.	31/8	81	71	Cartiers Superfoods	78	−1	b2.41	5.1	4.7	7.0
¶¶	F.P.	—	12¾	4	Emray	10½	—	—	—	—	—
100	F.P.	6/7	197	142	Eurotherm	193	−4	b2.64	3.0	2.1	18.4
85	F.P.	24/8	94	85	Hunting Petr. Services	90	—	4.66	3.0	7.8	6.3
116	F.P.	8/9	154	138	Jones (E.) (Jew'lrs) 10p	154	+3	b5.5	2.1	5.3	15.4

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or −
£99.4	F.P.	—	99¼	99	Birmingham Var Rate 83-85	99⅛	—
**	F.P.	8/9	98½	98	Caffyns 10% Pref.	98½	—
£99¾	F.P.	—	100	99¾	Camden Var. Rate Red. 1983	99¾	—
£100	£50	15/12	51⅛	50½	Do. 12½% Red. 1985	50½	−¼
**	F.P.	15/9	98	96	Central & Sheerwood 10% Pref.	97½	−½
**	F.P.	29/9	98	98	Crosby Spring Interiors 10% Pref.	98	—
**	—	—	98p	97p	E.R.F. 10% Cum. Pref.	98p	—
*	F.P.	7/9	98⅝	96	East Anglia Water 7% Red. Pref. 1983	96	—
**	F.P.	29/9	99½	98¼	G. R. Holdings 10¼% Pref.	99½	—
£99½	F.P.	—	99¼	99¼	Kensington and Chelsea Var. Rate 1983	99¼	—
**	F.P.	—	86	86	Nooleys 12% Partly Conv. Cns. Ln. '86-'88	86	—
100p	Nil	7/9	21p	15p	Negretti and Zambra 9% Cnv. Pref.	18½p	−½
£100	F.P.	—	99⅞	99⅞	Northampton Var. Rate Red. 1985	99⅞	—
§100p	F.P.	1/9	100½p	99½p	Pitman 10% Cum. Pref.	100½p	—
**	—	—	101p	98½p	Raybeck 10½% Cum. Pref.	100p	—
**	F.P.	15/9	96½	94½	Sctork 9¼% Cum. Pref.	95	—
**	F.P.	15/9	99	98½	Sotheby Parke Bernet 9½% Cum. Pref.	98	—
£99¾	F.P.	—	100	99¼	Sutton Var. Rate Red. 1983	99⅝	—
£99¼	£45	20/10	44¾	43	Southend-on-Sea 12% Red. 1983	44⅜	−⅛
£99¾	F.P.	—	99⅛	99⅛	Strathclyde Var. Rate 1983	99⅛	—
£99¾	F.P.	—	99⅞	99⅝	Wandsworth Variable 1983	99⅞	—

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978 High	1978 Low	Stock	Closing Price p	+ or −
$20	Nil	—	—	40	35	Bank of Montreal	40	+7
50	Nil	30/8	24/11	21pm	17pm	Blackwood Hodge	19pm	−1
36	F.P.	2/8	1/9	69	46	Headlam Sims & Coggins	59	—
70	F.P.	10/8	21/9	96	79	Leech (Wm.)	95	−1
77	Nil	—	—	9pm	7pm	Lex Services	9pm	—
35	F.P.	3/8	1/9	49½	45	Norton (W. E.)	47	—
94	F.P.	21/8	4/10	111	104	Property Partnerships	111	+1
30	F.P.	28/7	8/9	72	66	Sutcliffe Speakman	64	−1
110	F.P.	14/8	8/9	169	134	Tecalemit	165	−2
100	F.P.	25/8	22/9	121	119	Williams J'm's Ex. 9.5% CvCmRdPf	121	+2
84	F.P.	18/8	15/9	104	90	Yorkshire Chemicals	102	−2

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Minimum tender price. ¶¶ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. ¶ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FINANCIAL TIMES STOCK INDICES

	Aug. 24	Aug. 23	Aug. 22	Aug. 21	Aug. 18	Aug. 17	A year ago
Government Secs	70.65	70.66	70.68	70.45	70.75	70.89	79.29
Fixed Interest	72.40	72.53	72.58	72.52	72.81	72.88	76.19
Industrial Ordinary	509.3	519.2	523.2	519.2	512.9	509.8	495.7
Gold Mines	177.3	175.2	182.4	179.7	186.1	187.9	108.4
Ord. Div. Yield	5.31	5.15	5.13	5.16	5.22	5.27	5.53
Earnings Yld% (full)*	15.85	15.58	15.31	15.41	15.58	15.72	15.10
P/E Ratio (net)(*)	8.38	8.64	8.68	8.62	8.52	8.46	9.62
Dealings marked	6,058	5,895	5,727	4,641	5,679	4,997	4,687
Equity turnover £m	—	98.02	106.87	79.82	100.81	79.89	81.49
Equity bargains total	—	21,827	20,685	19,116	20,738	14,665	15,789

10 am 517.3. 11 am 514.7. Noon 514.5. 1 pm 514.3. 2 pm 514.0. 3 pm 512.4.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=9.18.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (3/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (3/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	525.2 (22/8)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	130.3 (5/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 24	Aug. 23
—Daily		
Gilt-Edged	139.0	115.4
Industries	231.2	232.5
Speculative	40.9	48.1
Totals	137.4	134.2
5-day Average		
Gilt-Edged	136.2	140.0
Industrials	212.5	202.5
Speculative	43.0	48.0
Totals	136.9	132.2

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug. 15	Aug. 29	Nov. 9	Nov. 21
Aug. 30	Sep. 11	Nov. 23	Dec. 5
Sep. 12	Sep. 25	Dec. 7	Dec. 19

For rate indications see end of Share Information Service

Stocks favoured for the call included English Property, British Land, Lonrho, Pritchard Services, Charterhall, H. Wigfall, Thomson Organisation, Tate and Lyle and Ocean Wilsons. Puts were done in Gripperods and Silvermines, while doubles were arranged in Silvermines, Britannia Arrow, Vosper, Metals and Grand Metropolitan.

LONDON TRADED OPTIONS

Option	Ex'rcise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	750	160	—	185	11	—	—	902p
BP	800	110	—	140	—	155	—	"
BP	850	66	11	105	—	120	—	"
BP	900	38	27	70	11	88	—	"
BP	950	14	37	41	—	62	10	"
Com. Union	140	21	—	22½	—	26	—	158p
Com. Union	160	6	10	12½	—	16	—	"
Com. Union	180	2	—	6	—	9	—	"
Cons Gold	160	32	—	35	10	38	—	185p
Cons Gold	180	16	—	21	—	28	—	"
Cons Gold	200	5½	5	11½	—	17	14	"
Courtaulds	100	21	—	22½	6	—	—	117p
Courtaulds	110	13	—	14½	—	18½	—	"
Courtaulds	120	5½	—	10	—	13	—	"
Courtaulds	130	3	—	5½	10	9	—	"
GEC	220	91	—	100	—	—	—	310p
GEC	240	71	—	81	—	85	—	"
GEC	260	51	3	63	—	68	—	"
GEC	280	32	11	47	—	52	—	"
GEC	300	18½	—	33	—	40	—	"
GEC	350	6½	3	17	—	25	—	"
Grand Met.	100	19½	—	22½	2	25½	—	117p
Grand Met.	110	9½	55	14½	2	17	—	"
Grand Met.	120	4½	4	9	—	12	—	"
ICI	330	71	—	72	—	75	—	401p
ICI	360	41	10	42	53	45	5	"
ICI	390	19½	12	25	5	30	2	"
ICI	420	6½	14	16	—	18½	—	"
Land Secs.	180	59	—	61	—	65	—	237p
Land Secs.	200	39	107	43	—	47	—	"
Land Secs.	220	21½	3	26½	—	32½	50	"
Land Secs.	240	8	79	14	6	20½	—	"
Marks & Sp.	60	31	—	31½	—	32½	—	89p
Marks & Sp.	70	20½	—	21½	—	22½	—	"
Marks & Sp.	80	12	—	13½	—	15½	—	"
Marks & Sp.	90	5	15	7½	5	9½	—	"
Shell	500	100	—	101	1	117	—	590p
Shell	550	53	3	59	1	77	—	"
Shell	600	16½	26	30	31	47	3	"
Totals			435		154		83	

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Aug. 24, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) Corp. Tax 52%	Wed. Aug. 23 Index No.	Tues. Aug. 22 Index No.	Mon. Aug. 21 Index No.	Fri. Aug. 18 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	244.49	−1.3	15.76	5.03	8.73	247.74	248.95	245.85	243.32	[illegible]
2	Building Materials (27)	221.86	−1.6	15.83	5.02	8.88	225.45	226.68	222.85	220.09	173.39
3	Contracting, Construction (27)	400.43	−2.5	17.42	3.71	8.33	410.60	413.64	409.79	404.72	[illegible]
4	Electricals (14)	527.63	−1.0	13.57	3.49	10.25	532.77	535.88	532.09	527.19	[illegible]
5	Engineering Contractors (14)	362.41	−0.7	16.62	5.72	8.01	364.87	363.73	357.24	354.37	[illegible]
6	Mechanical Engineering (72)	195.33	−1.2	16.94	5.55	7.89	197.68	198.68	195.45	193.61	171.00
8	Metals and Metal Forming (16)	178.35	−1.2	15.78	7.92	8.63	180.55	181.64	179.38	177.58	161.47
	CONSUMER GOODS										
11	(DURABLE) (52)	223.50	−0.9	15.62	4.73	8.91	225.52	226.33	222.13	221.88	193.73
12	Lt. Electronics, Radio TV (15)	275.79	−0.7	13.54	3.70	10.33	277.75	279.14	273.57	273.78	232.02
13	Household Goods (12)	184.96	−0.4	16.03	6.11	8.58	185.77	186.42	185.99	187.11	173.03
14	Motors and Distributors (25)	133.70	−1.3	18.97	6.12	7.31	135.48	135.65	132.96	132.17	116.16
	CONSUMER GOODS										
21	(NON-DURABLE) (175)	220.77	−1.5	14.79	5.46	9.12	224.08	225.49	222.40	219.59	194.54
22	Breweries (14)	233.65	−1.1	14.86	6.00	9.26	236.19	238.10	233.94	234.18	189.33
23	Wines and Spirits (6)	283.93	−1.5	15.01	5.06	9.94	288.14	288.43	288.18	287.50	224.21
24	Entertainment, Catering (17)	269.84	−1.2	14.78	6.40	9.86	273.09	275.26	272.99	268.60	226.97
25	Food Manufacturing (21)	216.63	−1.5	17.54	5.11	7.53	219.97	222.60	219.37	216.01	186.88
26	Food Retailing (15)	225.17	−1.7	13.50	4.59	10.31	229.18	233.52	229.14	223.83	195.49
32	Newspapers, Publishing (13)	398.98	−2.4	10.18	3.16	14.02	408.85	409.38	397.67	393.66	306.83
33	Packaging and Paper (15)	146.38	−0.6	17.77	7.26	7.40	147.33	148.33	147.10	146.67	132.61
34	Stores (40)	210.70	−1.7	10.23	4.28	14.35	214.40	216.22	213.21	208.53	173.19
35	Textiles (25)	181.68	−1.6	18.08	7.63	7.21	184.60	184.93	184.12	182.38	[illegible]
36	Tobaccos (3)	262.94	−1.3	20.94	7.13	5.65	266.50	263.63	259.95	258.46	215.30
37	Toys and Games (6)	121.68	−0.5	18.63	5.25	6.28	122.26	121.32	120.66	119.77	108.29
41	OTHER GROUPS (98)	214.21	−1.4	15.07	5.45	8.67	217.33	217.08	215.08	213.15	198.81
42	Chemicals (19)	300.29	−2.0	16.71	5.97	8.14	306.45	307.49	305.66	301.45	270.76
43	Pharmaceutical Products (7)	279.77	−1.3	10.24	3.65	12.09	283.47	283.95	281.63	279.14	[illegible]
44	Office Equipment (6)	142.49	−0.6	16.81	5.33	7.04	143.35	140.42	135.61	135.10	117.33
45	Shipping (10)	419.46	−0.5	17.24	7.30	7.15	421.43	421.26	425.92	427.21	405.22
46	Miscellaneous (56)	230.47	−1.3	15.75	5.76	8.43	233.47	232.59	229.85	228.14	191.78
49	INDUSTRIAL GROUP (495)	232.62	−1.4	15.16	5.29	8.89	235.89	236.81	233.81	231.48	198.28
51	Oils (5)	516.09	−1.5	14.29	3.83	7.59	523.72	528.04	515.47	505.84	512.21
59	500 SHARE INDEX	256.41	−1.4	15.03	5.08	8.67	260.04	260.64	257.48	254.52	223.34
61	FINANCIAL GROUP (100)	175.94	−1.2	—	5.49	—	178.13	179.20	175.88	175.24	147.78
62	Banks (6)	191.79	−1.2	24.37	6.10	6.16	194.09	197.57	194.49	194.68	184.79
63	Discount Houses (10)	217.62	+0.5	—	7.95	—	216.46	213.78	215.17	215.42	198.15
64	Hire Purchase (5)	166.81	−1.2	11.84	4.94	12.50	168.92	169.79	168.38	166.46	139.47
65	Insurance (Life) (10)	151.76	−1.9	—	6.00	—	154.63	155.27	150.31	150.85	114.83
66	Insurance (Composite) (7)	136.69	−1.2	—	6.31	—	138.34	138.67	135.51	134.83	125.58
67	Insurance Brokers (10)	355.97	−1.5	13.20	4.44	10.84	361.55	363.77	357.11	355.70	242.52
68	Merchant Banks (14)	86.16	−0.3	—	5.68	—	86.45	86.23	86.25	88.53	70.18
69	Property (31)	260.17	−1.1	3.17	2.89	55.38	263.13	263.87	261.25	259.21	202.58
70	Miscellaneous (7)	116.12	−1.3	21.76	7.19	5.95	117.64	115.87	113.48	112.93	94.51
71	Investment Trusts (50)	239.72	−0.3	2.90	4.30	34.42	240.42	240.22	238.43	238.52	170.41
81	Mining Finance (4)	108.32	+0.4	16.29	6.38	7.48	107.91	110.33	109.91	110.48	94.17
91	Overseas Traders (19)	331.52	−0.7	16.44	6.77	7.62	333.88	333.93	330.85	326.20	279.11
99	ALL-SHARE INDEX (673)	235.79	−1.3	—	5.17	—	238.82	239.56	236.58	234.29	202.44

FIXED INTEREST PRICE INDICES

	British Government	Thurs. Aug. 24	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.91	+0.03	—	6.48
2	5-15 years	115.23	+0.01	—	7.04
3	Over 15 years	120.95	+0.03	0.54	9.21
4	Irredeemables	128.42	+0.14	—	7.24
5	All stocks	113.12	+0.03	0.20	7.59

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Thurs. Aug. 24	Wed. Aug. 23	Year ago (approx.)
1	Low Coupons	5 years	8.34	8.31	4.46
2		15 years	10.90	10.90	11.87
3		25 years	11.68	11.61	11.93
4	Medium Coupons	5 years	11.50	11.58	10.08
5		15 years	12.10	12.09	11.80
6		25 years	12.12	12.31	12.40
7	High Coupons	5 years	11.51	11.52	10.59
8		15 years	12.58	12.37	13.25
9		25 years	12.79	12.29	13.26
10	Irredeemables		11.59	11.61	11.78

		Thurs. Aug. 24 Index No.	Thurs. Aug. 24 Yield %	Wed. Aug. 23	Tues. Aug. 22	Mon. Aug. 21	Friday Aug. 18	Thurs. Aug. 17	Wed. Aug. 16	Tues. Aug. 15	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.82	†12.84	57.82	57.82	57.78	●57.79	●57.64	57.38	57.33	54.38
16	Investment Trust Prefs. (15)	51.32	15.69	51.32	51.32	51.64	●51.73	●51.73	51.87	51.87	51.07
17	Coml. and Indl. Prefs. (20)	70.82	12.91	70.87	70.82	70.14	●70.15	●70.25	70.56	70.49	60.44

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p. ● Corrected.

AUTHORISED UNIT TRUSTS

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

CLIVE INVESTMENTS LIMITED

1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.

Index Guide as at August 15, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	132.07
Clive Fixed Interest Income	114.63

CORAL INDEX: Close 509-514

INSURANCE BASE RATES

†Property Growth	10¼%
†Vanbrugh Guaranteed	9%

† Address shown under Insurance and Property Bond Table.

International Pacific Inv. Mngt. Ltd.

PO Box R237, 56, Pitt St, Sydney, Aust.

Javelin Equity Tst.	$A2.17	2.28	.....	—

J.E.T. Managers (Jersey) Ltd.

PO Box 194, Royal Tst. Hse., Jersey 0534 27441

Jersey Extrnl. Tst.	188.0	197.9	.....	—

As at July 31. Next sub. day August 31.

Jardine Fleming & Co. Ltd.

46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$311.95	.....	2.30
Jardine Jpn. Fd.*	HK$460.75	.....	0.80
Jardine S.E.A.	$US19.52	.....	1.70
Jardine Flem. Int.	HK$11.55	.....	—
Intl. Pac. Secs. (Inc.)	HK$14.56	.....	—
Do. (Accum.)	HK$14.70	.....	—

NAV Aug. 15. *Equivalent $US34.07. Next sub. August 31.

S. G. Warburg & Co. Ltd.

30, Gresham Street, EC2 01-600 4555

Conv. Bd. Aug. 23	$US9.85	-0.01	—
Eng. Int. Aug. 22	$US18.56	-0.05	—
Gr. St. $ Fd. July 31	$US7.55		—
Merc. EbdFd. Aug. 23	[illegible]	2.36 -0.03	0.2861

Warburg Invest. Mngt. Jrsy. Ltd.

1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. July 27	[illegible]	[illegible]	.....	—
CMT Ltd. July 27	£13.20	13.55	.....	—
Metals Tst. Aug. 17	£12.22	12.52	.....	—
TMT Aug. 11	$US[illegible]	11.99	.....	—
TMT Ltd. Aug. 11	£11.60	11.89	.....	—

World Wide Growth Management

10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$US15.70	-0.08	—

NOTES

Prices do not include $ premium, except where indicated $, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♦ Net of tax on realised capital gains unless indicated by ♦. [illegible] Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1978 High	Low	Stock	£	+ or —	Yield Int.	Red.
105⅛	101¾	Treasury 11½pc '79‡‡	101⅝xd	......	11.31	8.35
97	94¼	Treasury 3pc '79‡‡	95¾xd	—⅛	3.13	7.11
97⅞	95⅛	Electric 4¼pc '74-79	95⅞xd	—⅛	4.43	8.32
104	99⅞	Treasury 10½pc '79‡‡	100¾	......	10.42	9.73
96½	94¼	Electric 3½pc '76-79	95	—⅛	3.66	7.32
103⅛	96¾	Treasury 9pc 1980‡‡	99¼xd	+⅛	9.08	9.66
102	97⅛	Treasury 9½pc '80‡‡	99	+⅛	9.59	10.07
95⅛	92⅞	Treasury 3½pc '77-80	93⅞	—⅛	3.73	7.16
96½	93¼	Funding 5½pc '78-80‡‡	94	—⅛	5.59	8.90
110¼	103¾	Exchequer 13pc 1980‡‡	104	+⅛	12.50	10.88

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

1978 High	Low	Stock	£	+ or —	Yield Int.	Red.
99¼	90½	Do. 11pc Uns.Ln. '82	93	—½	12.05	12.50
101½	90½	Do. 11½pc Uns.Ln. '90	95½	—1	12.55	12.80
71½	62½	Do. 7¼pc A Deb. '89-92	65¼	—¼	11.46	13.00
71½	62	Do. 7¼pc A Db. '91-94	62xd	—¼	11.69	12.90
84½	73	Do. 9pc 'A' '91-94	74xd	......	12.16	12.90
81¼	68	Do. 8¾pc Ln. '92-97	71¾xd	+¼	12.37	12.80

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	24	......	—	—
40	33	Do. 5pc Pref.	40	......	—	—
98	93	Chilean Mixed	98	......	—	13.20
415	350	German Yng. 4½pc.	411	......	4½	—
54	46	Greek 7pc Ass.	54	......	3½	f6.60
51	46	Do. 6pc '28 Stab. Ass.	51	......	6	f5.88
44	40	Do. 4pc Mixed Ass.	43	......	4	f4.65

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 46⅛% (based on US$1.9313 per £)
Conversion factor 0.6830 (0.6798)

CANADIANS

S.E. List Premium 46⅛% (based on $2.1961 per £)

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Gr's	P/E
46	7	Dawes (G.R.)	18	......	—	—	—	—
*£121¼	£89	Deutsche Bank DM50	£116	—1	Q18%	—	2.0	—
83½	58	F.C. Finance	70	......	2.03	2.6	4.3	13.4
3¼	1¾	First Nat. 10p	3¼	+¼	—	—	—	—
1	½	Do. Wrrts. 75-83	¾	......	—	—	—	—
12½	9½	Fraser Ans. 10p	10¼	......	—	—	—	—
196	157	Gerrard Natnl.	190	......	8.29	—	6.5	—
54	37	Gibbs (A.)	54	+1	2.23	—	6.2	—
255	195	Gillett Bros. £1	227	......	15.41	—	10.1	—
29	19	Goode D't Mry. 5p	24	......	0.13	—	0.8	—
138	96	Grindlays	138xd	......	2.79	7.1	3.0	4.9
260	185	Guinness Peat	258	......	†10.15	—	5.9	—
217	155	Hambros	188	+2	9.76	—	7.7	—
100	81	Hill Samuel	99	—1	4.97	—	7.5	—
600	325	Do. Warrants	425	......	—	—	—	—
360	203	Hong Shng. $2.50	344	......	hQ59c	—	2.0	—
69	52	Jessel Toynbee	62	+2	h3.32	—	8.0	—
215	160	Joseph (Leo) £1	200	......	8.74	—	6.5	—
52	37	Keyser Ullmann	49	—1	0.67	—	2.0	—

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

BRACKEN HOUSE, 10, CANNON STREET, LONDON EC4P 4BY

Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London PS4.

Telephone: 01-248 8000.

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester. Tel: 246 8026

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 12171 Tel: 240 555

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922

Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039

Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037

Cairo: P.O. Box 2040. Tel: 938510

Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321

Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4120

Frankfurt: Im Sachsenlager 13. Telex: 416263 Tel: 555730

Johannesburg: P.O. Box 2128 Telex 8-6257 Tel: 838-7545

Lisbon: Praca da Alegria 58-1D, Lisbon 2. Telex 12533 Tel: 362 508

Madrid: Espronceda 32, Madrid 3. Tel: 441 6772

Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381

Moscow: Sadovo-Samotechnaya 12-24, Apt. 15. Telex 7900 Tel: 200 2748

New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625

Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.57.43

Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848

Rome: Via della Mercede 55. Telex 61032 Tel: 678 3314

Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88

Tehran: P.O. Box 11-1879. Telex 213930 Tel: 682698

Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920

Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004 Telex 440340 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922

Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4139

Frankfurt: Im Sachsenlager 13. Telex 16263 Tel: 554667

Leeds: Permanent House, The Headrow. Tel: 0532 454969

Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381

New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 238409 Tel: (212) 489 8300

Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01

Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J 27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East. For further details, please contact: Overseas Advertisement Department, Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London.

INDUSTRIALS—Continued

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	176	......	Q50c	1.3	24.2
24	15	Rhod'n Corp 16½p.	19	......	0.57	7.1	4.5
80	52	Roan Cons. K4	65	–2	—	—	—
186	122	Tanganyika 50p	170	......	Q10.0	1.2	5.9
90	78	Do Pref. 80p	87	......	Q9%	16.3	8.3
41	32	Wankie Col. Rh.1	37	......	†Q7½c	1.4	17.3
17½	10	Zam.Cpr SBD0.24	15½	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	13	......	—	—	—
140	64	Bougainville 50 Toea	136	–1	†Q8c	1.4	3.7
125	63	BH South 50c	110	–3	—	—	—
820	150	Central Pacific	550	......	—	—	—
306	148	Conzinc Riotinto 50c	284	–6	Q10c	2.2	2.2
72	45	G M Kalgoorlie $1	56	–2	—	—	—
68	18	Haoma Gold N L	63	......	—	—	—
140	81	Hamptn Areas 5p	130	–2	t3.55	2.0	4.1
40	10	Metals Ex. 50c	27½	......	—	—	—
223	125	M.I.M. Hldgs. 50c	211	–3	Q9c	1.7	2.6
39	10	Mount Lyell 25c	34	+3	—	—	—
6½	1½	Newmetal 10c	5¾	......	—	—	—
143	79	North B. Hill 50c	126	+1	Q8c	φ	4.0
16½	8½	Nth. Kalgurli	15½	–½	—	—	—
48	12	Nth. West Mining	43	......	—	—	—
178	117	Oakbridge $A1	171	......	†Q11c	1.9	4.0
70	30	Pacific Copper	58	......	—	—	—
£15½	750	Pancont 25c	£13	–¼	—	—	—
40	12	Parinca M&Ex.5p	26	......	—	—	—
554	310	Peko-Wallsend 50c	530	–10	Q15c	4.0	1.8
300	50	Southern Pacific	210	–5	—	—	—
160	84	Westn. Mining 50c	142	–2	Q3c	φ	‡
70	35	Whim Creek 20c	50	......	—	—	—

TINS

1978 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's
30	23	Amal. Nigeria	23	–1	2.55	1.6	16.6
420	240	Ayer Hitam $M1	415	......	‡Q4½7c	0.9	‡
60	45	Beralt Tin	57	......	3.81	4.4	10.4
305	200	Berjuntai $M1	290	–5	Q110c	φ	8.2
145	111	Geevor	140	......	0.04	φ	5.4
10½	8½	Gold & Base 12½p	10½	+¼	—	—	—
315	220	Gopeng Cons.	310	......	15.23	0.9	7.4
210	130	Hongkong	210	......	—	—	—
93	78	Idris 10p	90	......	‡12.0	1.6	‡
11	9	Jantar 12½p	9	......	—	—	—
84	68	Kamunting $M0.50	84	......	2015.5c	0.7	4.0
625	450	Killinghall	625	......	Q125	φ	20.0
470	280	Malay Dredging $M1	465	......	†Q95c	0.8	4.4
78	40	♦Pahang	74	–3	‡Q3.75c	0.5	‡
72	50	Pengkalen 10p	72	......	6.60	1.3	13.7
270	165	Petaling $M1	270	......	†Q80c	1.6	6.8
64	49	Saint Piran	59	–2	2.03	φ	5.2
61	47	South Crofty 10p	59	–1	4.19	2.0	10.6
245	140	South Kinta $M0.50	245	......	‡Q77.8c	1.4	6.8
340	230	Sthn Malayan $M1	335	......	‡Q131.3c	1.1	8.4
240	134	Sungei Besi $M1	235	......	Q65c	φ	5.9
85	55	Supreme Corp. $M1	80	......	ZQ10c	—	2.7
100	85	Tanjong 15p	90	......	6.60	0.8	10.9
100	74	Tongkah Hrbr $M1	95	......	‡Q56.12%	1.6	‡
270	148	Tronoh $M1	260	......	ZQ88c	1.6	7.3

COPPER

1978 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's
104	70	Messina R0.50	91	......	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's
61	35	Barymin	54	–2	—	—	—
17	9	Burma Mines 17½p.	13	......	—	—	—
300	215	Cons. Murch. 10c	240	+5	‡Q30c	2.6	‡
465	245	Northgate C$1	395	–10	—	—	—
248	164	R.T.Z.	242	......	9.5	2.8	5.9
90	30	Sabina Inds. C$1	62	–1	—	—	—
£12	750	Tara Exptn. $1	865	–10	—	—	—
73	43	Tehidy Minerals 10p	69	–4	♦1.35	φ	2.9
185	120	Yukon Cons. C$1	165	–7	Q7c	2.9	2.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♦ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- ρ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ✱ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- • Excluding a final dividend declaration.
- ✦ Regional price.
- ΙΙ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or –
Albany Inv 20p	25½	......
Ash Spinning	45	......
Bertam	20	......
Bdg'wtr. Est. 50p	315	+5
Clover Croft	26	......
Craig & Rose £1	520	......
Dyson (R. A.) A.	38	......
Ellis & McHdy	61	......
Evered	20	+1
Fife Forge	52	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	115	......
Higsons Brew	77	......
I.O.M. Stm. £1	155	......
Holt (Jos.) 25p	260	......
N'thn. Goldsmith	68	......
Pearce (C. H.)	185	......
Peel Mills	20	......
Sheffield Brick	46	......
Sheff. Refrshmt.	62	......
Sindall (Wm.)	105	......

IRISH

Stock	Price	+ or –
Conv. 9% '80/82	£92⅞	......
Alliance Gas	62	......
Arnott	360	......
Carroll (P.J.)	105	......
Clondalkin	96	......
Concrete Prods.	135	......
Heiton (Hldgs.)	48	......
Ins. Corp.	160	......
Irish Ropes	130	......
Jacob	63	......
Sunbeam	32½	......
T.M.G.	172½xc	......
Unidare	110	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lofs"	4	Intreuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West. Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P & O Dfd.	8	Ultramar	20
Glaxo	40	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	18	Cons. Gold	14
Guardian	18	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday August 25 1978

UN action call likely after Zambia raid

BY BERNARD SIMON

JOHANNESBURG, August 24.

DR. KURT WALDHEIM, the UN Secretary General, and the five Western powers which negotiated the Namibian independence plan are expected to be asked urgently to intervene following the most serious clash for some time between South African troops and SWAPO guerrillas based in Zambia.

Defence headquarters in Pretoria confirmed today that South African troops crossed into Zambia in a raid following the bombardment yesterday of military positions in Northern Namibia in which nine of their troops were killed and ten wounded.

Major-General Jannie Geldenhuys, South Africa's commander in Namibia, refused to comment on Zambia accusations that South African jet fighters had strafed civilian targets inside Zambia, hitting a school, but he did say that damage was inflicted on Zambian army positions.

According to Major-General Geldenhuys, several corpses of SWAPO guerrillas were brought out of Zambia after the South Africans had "mopped up" SWAPO positions.

Journalists in Katima Mulilo—the target of yesterday's bombardment—report seeing the bodies of at least 16 SWAPO guerrillas displayed.

The rocket and artillery attack from Zambia on the mess which housed the dead and wounded South Africans was apparently only one of a number of incidents on the Zambia-Namibia border yesterday.

It was also reported that rockets fired from Zambia narrowly missed the helicopter carrying the South African Administrator-General, Mr. Steyn, when he arrived at Katima Mulilo to inspect the damage from the earlier attack.

The South African Government's concern at the effects of the Katimo Mulilo attack on the Western countries' plan for Namibia's independence was expressed tonight by Mr. John Vorster, the Prime Minister.

Mr. Vorster said that the attack once again emphasised the urgent need for the UN Secretary General, the Security Council, and particularly the five Western powers finally to insist on SWAPO making a swift choice between a peaceful solution for Namibia and violence.

Referring to reports of South African attacks on Zambian civilian targets, Mr. Vorster said: "A responsibility also rests upon those countries which make their territory available to SWAPO for its operations. These operations lead to casualties among their own people as well."

Mr. Vorster added that "there are indications that it may be possible that the Zambian Government was not officially involved in the latest incident."

Although the latest flare-up of hostilities comes at a critical time in the negotiations on Namibian independence, it is considered unlikely that it will have much effect on the implementation of the Western independence plan.

It is felt that too much is at stake for both South Africa and SWAPO for either to use the Katima Mulilo affair as a pretext for withdrawing from the plan.

Observers fear, however, that a continuation of hostilities could lead to an escalating chain reaction with unpredictable results.

Manufacturing industry's investment up strongly

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CAPITAL INVESTMENT by manufacturing industry is rising strongly after changing little during winter and early spring. Industry's stocks have also increased sharply.

The Department of Industry announced yesterday that manufacturing investment rose by about p per cent to £979m, seasonally adjusted, in the April-to-June period compared with the previous depressed quarter. That is based for the first time on 1975 prices, instead of 1970 prices as before.

A better guide to the trend is the volume of investment in the first half of the year as a whole. That was 3 per cent up on the previous half-year and 10 per cent higher than in the same period of 1977.

The figures are seen in Whitehall as encouraging after the slight drop in investment in the first quarter. They support the optimistic tone of recent intentions surveys.

Investment volume will have to be about 9 per cent higher in the second half of the year than in the first to fulfil the projection of a rise of between 10 and 13 per cent. in 1978 indicated by the June Department of Industry survey.

Some economic forecasters take a more cautious view. The National Institute has projected a rise of 5.3 per cent this year in view of the apparent high levels of spare capacity and companies' continuing financial deficit.

After adjusting for the depressed level of British Steel's investment, spending by private manufacturing may be more buoyant than the total and the

The economy grew by nearly 5 per cent between 1975 and 1977 rather than 3½ per cent as had been previously estimated. This is shown by new official figures produced as a result of the rebasing of the national accounts at constant 1975 prices, rather than at 1970 prices. Details, Page 6

CBI intentions survey pointed to volume growth of at least a tenth this year and next.

Yesterday's Government figures showed that spending by distribution and service industries in the second quarter remained about the first-quarter level at £1.17bn (at 1975 prices). In the first half of the year, investment by those industries was about 13 per cent higher than a year ago.

A sharp rise in the volume of stocks held by manufacturers and distributors was announced yesterday. Industry's stocks of materials, work in progress and finished goods rose by £278m, at constant 1975 prices, in the second quarter after a rise of £266m in the first.

Manufacturing stocks rose by £191m in the three months to the end of June after a £71m rise in the previous quarter, while retailers' stocks increased by £102m compared with £114m.

Those further rises in stock levels are unexpectedly high and will substantially drain companies' cash resources.

The increase in retailers' stocks and manufacturers' holdings of finished goods is slightly puzzling since the expected sharp increase in consumer demand materialised during the second quarter.

That would normally lead to a fall in stocks of finished goods. One explanation, supported by the trade figures, is that much of the rise in demand has been met from imports. That suggests that the recovery in industrial output might remain patchy.

Wholesalers' stocks fell in the second quarter by about £15m. A reduction in stocks held by dealers in industrial materials and machinery, and general wholesale dealers, was partly offset by increases in the stocks held by coal dealers and builders' merchants.

Labour's policies 'destroying jobs'

BY RUPERT CORNWELL, LOBBY STAFF

GREATER FLEXIBILITY in wage bargaining, more attention to the consumer, higher priority for profits and an insistence on the need to encourage managers and entrepreneurs were the key to fuller employment in Britain, Sir Keith Joseph argued last night.

In a major economic policy speech in London, Sir Keith, who will be a central policymaker in a future Conservative Administration, savagely attacked Labour for its failure to adopt the measures required, and its addiction to policies which were "evasions" of whta was needed.

He told a Bow Group meeting that jobs were created if they were allowed. "We have high unemployment, and will have higher and higher unemployment, because many of our policies and attitudes, however well intentioned, prevent jobs occurring or prevent those that do occur from being filled."

In a powerful plea for a return to liberal principles and a curb on Government interventon in the economy, the shadow industry spokesman emphasised that growth and employment were not to be pursued as prime objectives, but were the by-product of adaptability.

The labour market, he said, could absorb vast numbers—as had been proved since the war—if it were allowed. But a combination of Government overspending, over-taxing, overborrowing, and over-regulating destroyed more jobs and prevented more from coming into existence than were preserved by job protection.

Over-manning and restrictive labour practices might appear to be in the interests of those in employment. "Yet by raising unit labour costs and reducing profit, over-manning, which is wrongly perceived as a net augmenter of jobs, is, in fact, a net destroyer of them."

Socialism, said Sir Keith, had made the task of management harder by teaching the wrong lessons: that profits were at the expense of workers, that Government could cure all economic problems, that producers mattered more than consumers, and that employers and workers had conflicting interests.

He defended the right of unions to seek the better interests of their memebrs, but he warned that they sometimes acted in "so unenlightened a way" as to damage the interests of both their own members and of the whole country.

"Can trades union officials and shop stewards—or managements—be happy that we are now almost the least productive and lowest-paid of nations—and that by being less competitive we generate fewer jobs?"

Sir Keith enumerated Labour's "five evasions": the industrial strategy, job creation, work sharing, protectionism, and socialism. Job creation, he argued, cost at least one job lost for every one created. While full-blooded socialism might reduce unemployment, but "you cannot achieve the Russian answer without the Russian method."

Fears that technical advance automatically increased unemployment were groundless. Sir Keith claimed that the history of the last 200 years, "packed with labour-saving inventions," had demonstrated the fallacy of that view; there was instead a limitless demand for varying combinations of goods, services, and voluntary leisure, he insisted.

The Labour Government had quietly killed off a full employment policy based on neo-Keynesian solutions of deficit financing and Government spending. But it was itself now bankrupt of ideas and Mr. Callaghan, said Sir Keith, had openly confessed that he did not know what to do about unemployment.

It would not be possible to have full employment in a free society without some people, the successful entrepreneurs, becoming wealthier than others. But, he added, "perhaps socialists hate personal wealth more than they hate unemployment."

Continued from Page 1

Dollar

ment in key economic statistics is anticipated.

On the trade front, the hope is that the improvement recorded in June, when the deficit fell to about $1.6bn—almost $1bn below the average monthly figure for the first five months—will be maintained, with the shortfall at least staying below the $2bn mark.

In spite of some summer weakening of food prices, anything less than a 0.7 per cent advance in the monthly index would be quite a surprise.

Although the Administration is playing its cards close to its chest, the favoured policy options now appear in include:—

- Expanded swap arrangements, particularly with the Japanese and leading to intervention in yen.
- New export promotion measures, though these would take time to work and may be mainly cosmetic.
- A toughening of the existing anti-inflation policies, plus some further budget pruning and, of course, action on the energy front—either through curbs on oil imports or by allowing domestic oil prices to rise (though, again, decisions are not expected until after the congressional mid-term elections early in November).

Peter Riddell, Economics Correspondent, adds: The dollar slipped back again yesterday against most other currencies—continuing the up-and-down pattern of the last 10 days.

Trading was thin, though there was selling out of New York in the afternoon and the U.S. currency closed at just above its lows for the day—at SwFr 1.6550 against SwFr 1.6650 previously.

Although two rallies of the dollar have petered out in the last 10 days, rates are generally well above the lows of early last week and are around the levels of the beginning of the month.

Markets have been adopting a cautious view in response to the series of measures from the U.S. administration. Dealers have become reluctant to have too large a short position against the dollar, partly because of uncertainty about the timing of any further proposals.

State 'should open the books'

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A CALL for the National Enterprise Board and the British National Oil Corporation to be forced to open their books for Parliamentary inspection was issued yesterday in a report from the backbench MPs' public accounts committee.

The proposal, which has been firmly resisted by Whitehall departments as far as the Enterprise Board is concerned would involve the Comptroller and Auditor General having "untrammelled access" to the books of the two organisations.

This is the third report to be issued within a month by Commons select committee of back bench MPs calling for increased Parliamentary scrutiny of Government departments and State-owned agencies.

Two days ago, the Commons' expenditure committee called for an overhaul of the public accounting system to make it easier for Parliament and the public to see how Government money is spent. Earlier, the committee on procedure proposed that select committees should be set up for each Government department to make Parliamentary scrutiny of Government business more straightforward.

Yesterday, Mr. Edward Du Cann, the senior Conservative MP who is chairman of the public accounts committee, said: "There is a great change of opinion among back benchers who feel that the power of the executive has become too great and that new machinery is needed to control it and to make Government more accountable and more efficient."

He saw his committee's report on the two State agencies as a major step forward in the debate which has continued since the first post-war nationalisations of industries such as coal and rail about how such businesses should be accountable to Parliament.

The newly-established "entrepreneurial style of activity" brought into State ownership through the two agencies meant that there had to be an effective method of accountability to Parliament as well as entrepreneurial and commercial freedom for the chairmen of the agencies.

But, yesterday's report failed to spell out precisely what procedures should be used to give Sir Douglas Henley, Comptroller General, acess to the two agencies books. Mr. Du Cann said it would be the same freedom of access as that of commercial auditors. Without more information, the committee was "just splattering the whole of the NEB with buckshot" when it prepared its questions.

The Department of Industry was criticised for being too close to the board by Mr. Du Cann and by Mr. Hugh Jenkins, a Labour MP member of the committee. Mr. Jenkins thought the department seemed to regard itself as "an ally and confidante" of the enterprise Board rather than an "instrument of control."

Mr. Du Cann said that Sir Peter Carey, the department's permanent secretary, and Sir Leslie Murphy, chairman of the enterprise Board had seemed "very close allies" when they appeared together at one of the committee's hearings.

The Government will respond in the autumn to the committee's proposal in the form of a Treasury minute.

While an autumn general election might delay this, it is unlikely to change the committee's interest in the subject because Conservative and Labour MPs, perhaps for different reasons, have shown interest in getting to grips with Whitehall departments and agencies involved.

Pan Am chief puts case for merger

BY JOHN WYLES

NEW YORK, August 24.

PAN AMERICAN World Airways today formally asked the Civil Aeronautics Board to approve its proposed $300m acquisition of National Airlines.

At the same time Mr. William Seawell, Pan Am's chairman, outlined some of the arguments in favour of the merger before a Senate aviation sub-committee.

The merger proposal, announced late yesterday, raises the prospect of one of the most important airline realignments in the past 30 years.

Pan Am's position as the leading U.S. international carrier would be immensely strengthened by National's domestic route structure linking 49 U.S. cities. Within the U.S. the combined airline could emerge as a formidable force, posing competitive problems for airlines such as Eastern and Delta.

Such developments, however, are contingent upon Civil Aeronautics Board approval for the merger.

Mr. Seawell, speaking to the Senate sub-committee considering legislation to liberalise entry into the highly competitive North Atlantic market, claimed that a domestic route structure was needed to cushion some of the more destructive effects of competition in the international market from government-subsidise carriers.

He raised the possibility that lower profits would be made by Pan Am on the North Atlantic, because of subsidies being received by other airlines and said that, as a result, Pan Am planned to prune its services and discontinue several routes.

Pan Am's formal request for approval of the merger was being sent to the Civil Aeronautics Board today, along with an application for permission to boost its holding of National stock from the present 4.8 per cent to 25 per cent. The application is designed to secure equal treatment with Texas International Airlines, which started a bid for control of National in early July and was last week given Civil Aeronautics Board permission to acquire up to 25 per cent in National, provided the stock was kept in a non-voting trust.

The aeronautics board is already appointing an administrative law judge to investigate Texas International's take-over bid and is expected to apopint another judge to hear Pan Am's case.

It is conceivable that the board could then receive separate recommendations that both Texas International and Pan Am be allowed to acquire National.

In these circumstances, the financial strength of the two rivals and the attitude of National could well tilt the scale in favour of Pan Am.

With Pan Am ready to pay $35 a share in cash, National's stock rose $3¼ this morning to $33⅞.

- Texas International Airlines convertible Eurobonds — issued only a week ago—moved around sharply yesterday on the news of the Pan Am bid for National. See Page 24

Phone dispute cost Post Office £10m

BY JOHN LLOYD

THE Post Office Engineering Unions' dispute, which was effectively settled on August 15 after causing widespread disruption to the country's telephone service, cost the Post Office more than £10m.

That compares with the business's income of about £3bn last year and profit of £325.5m.

Most of the cost is revenue lost from the 130,000 prospective subscribers not connected as a result of the union's blacking of new equipment, which went on for ten months. The backlog is expected to take at least six months to clear.

Installing a new home telephone brings the Post Office about £70 in the first year, and about 100,000 new connections are assumed to have been delayed by an average of about a year.

Further revenue was lost because 800 private business circuits were not connected. Each might yield anything from £10 to £10,000 a year.

Exchange equipment worth £50m is still idle in exchanges, and a fifth is required immediately. The Post Office has had to pay interest charges of about 10 per cent on the equipment. The same is true of the £4m worth of mail mechanisation equipment, idle in nine sorting offices.

Finally, the corporation has lost revenue from international calls not made because international circuits could not be brought into service. At the worst period of the action, between August 10 and 15, a quarter of all international lines were out of action.

The union's sanctions have largely been lifted after the national executive decided to agree to its members' working a 37½-hour week from December 1. The decision has to be ratified by a special delegate conference early next month.

Senior telecommunications directors are concerned about several aspects of the current position.

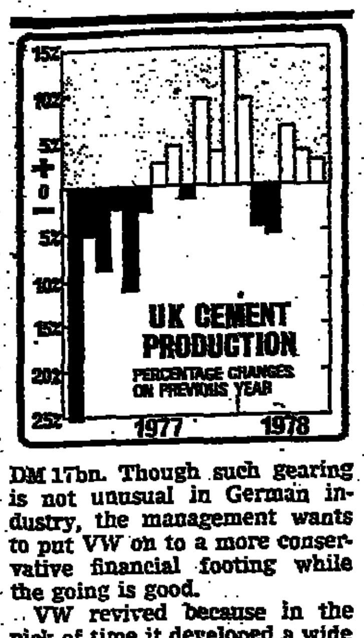
The settlement breaches the customary practice of a 50:50 split between union and Post Office of the results of increased productivity. It requires the union to increase productivity by only as much as it takes to cover the costs of shorter hours, thus making the settlement a "nil-cost" one.

Corporation executives believe that much of the agitation for the shorter week came from a few activists, on the far Left and the far Right.

THE LEX COLUMN

Prices harden for Blue Circle

Index fell 9.9 to 509.3



Although Blue Circle's first half figures are a shade disappointing, with a £1m decline to £21.3m at the pre-tax level, it now looks certain that a substantial improvement will show through in the second six months. The major factor is a wave of price rises across the world taking effect, by coincidents, in June: the mark-ups range from 10 per cent in the UK and 12 per cent in South Africa to 30 per cent in Nigeria.

Moreover demand has tended to pick up a little, certainly in the UK where after a poor first quarter the group still expects to raise its deliveries for the full year, with industry figures showing a rise of over 4 per cent in the three months to July. In South Africa, too, there is some recovery in demand. But prospects for exports from the UK are less bright, for having lost shipments of 150,000 tonnes through industrial troubles in June and July the group is pessimistic about exceeding first half delivery levels.

Even in the first six months UK trading profits edged up by £1.4m, despite a flat delivery picture and a claimed loss of revenue of £2.8m due to delays in implementing the price rises following the Price Commission investigation. It was a fall of almost £2m in the contribution of overseas subsidiaries and associates which led to the setback—though with minorities swallowing much of the nasty medicine here, Blue Circle's earnings per share are actually 1.4p higher at 12p for the six months. For the full year, however, pre-tax profits could well approach £55m against £47.9m giving a prospective p/e of maybe 9 on the group's reporting basis, or 7 if you prefer the historical cost, fully taxed version.

Volkswagen

Volkswagen yesterday issued the prospectus for its one for three rights issue. Why is this company, with about DM 4bn £1bn) sitting in the bank, now asking shareholders for another DM 900m? The answer lies in its management's determination to avoid any possibility of a return to VW's days of near bankruptcy in 1974. The latest balance sheet (June 30th) shows that shareholders' funds make up only 26 per cent of the group's balance sheet total of DM 17bn. Though such gearing is not unusual in German industry, the management wants to put VW on to a more conservative financial footing while the going is good.

VW revived because in the nick of time it developed a wide range of cars to replace the solitary beetle. The chairman, Herr Toni Schmucker, now plans to expand beyond cars into the capital goods business, while spending at least DM 2bn a year keeping VW's car plants up to date—the rights issue is earmarked for this purpose. Of the cash in the bank about half, or DM 2bn, is deemed necessary to support the company's day-to-day operations. The remaining DM 2bn could buy five companies the size of Vickers.

House of Fraser

Last year House of Fraser's prestigious London stores were the star turns, but this year the provincial operations have been setting the pace. The group's second quarter pre-tax profits are 50 per cent higher at £6.9m and virtually all the growth has come from the 60-odd provincial stores which account for roughly two-thirds of group sales, and are showing volume gains of 10 per cent plus. The London operations have only just about marked time, and after last year's tourist bonanza Harrods, in particular, appears to have found it difficult to better its previous performance.

Assuming continued buoyancy in retail spending in the second half, House of Fraser should be able to push its pre-tax profits up from £36.2m to, say, £45m in the full year. It has been able to improve its gross margins slightly and is hoping to keep its rise in operating costs down to around a tenth.

However, the main imponderable hanging over the share price at the moment is the 20 per cent Lonrho share stake. As House of Fraser's market capitalisation of £206m is roughly twice that of Lonrho there seems little chance that the latter could afford the stores group even if it could be assured of official support. If anything, the Lonrho link looks to be a negative factor for the shares at present.

Sedgwick Forbes

Crystal gazing was the order of the day as insurance broker Sedgwick Forbes produced its interim statement. As usual no half-year profit figures were provided. Only an interim dividend was announced of 4p net, a 14 per cent increase. But there is a promise of usefully more to come, for Sedgwick believes it will be in a position to take advantage of the new flexible dividend rules. After all, dividend cover was at its high point last year, and profits are likely to climb by comfortably more than a tenth.

If the group's revenue rises by 15 per cent, with expenses climbing by a tenth, the result would be to improve taxable profits by over a fifth to about £28m. On that basis earnings per share could come out in the range of 41p-43p, compared with 29p. So analysts are suggesting that a rise of at least 30 per cent in the total dividend for the year is likely.

But punters should not get too excited. A dividend increase of 30 per cent gives a prospective yield, with the shares at 465p, of only 4 per cent, compared with an historic 3 per cent. The prospective PE is around 11.

Stocks

The puzzle about yesterday's provisional figures for industry's stockbuilding in the second quarter is that manufacturers have apparently been piling up stocks of finished goods. This could mean that they have simply been anticipating the consumer upturn slightly too early. Or it could imply that much of the increase in demand is leaking away to imports, for retailers' stocks have also been rising fast.

Weather

DRY, sunny spells. Cloudy, some rain.

Scotland, N. Ireland
Mostly dry, some showers in N. and E. Scotland.

London, S.E., Cent., S. England, E. Anglia, Midlands, Channel Islands, S.W. England, S. Wales
Dry, sunny spells. Max. 21C (70F).

E., N.E. England
Cloudy, some rain, bright intervals. Max. 18C (64F).

N. Wales, N.W., Cent. N. England, Lakes, Isle of Man
Dry, sunny intervals. Max. 19C (66F).

Borders, Edinburgh, Dundee, Moray Firth, Aberdeen, Orkney, Shetlands, N. Scotland
Showers, bright intervals. Max. 16C (61F).

S.W. Scotland, Glasgow, Highlands, Argyll
Dry, cloudy. Max. 18C (65F).

Outlook: Little change.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstdm.	C	18	64	Madrid	S	32	90
Athens	S	32	90	Manchstr.	C	15	59
Bahrain	S	35	95	Melbourne	S	11	52
Barcelona	S	28	82	Mexico C.	S	19	67
Beirut	S	28	82	Milan	S	27	81
Belfast	C	16	61	Montreal	C	12	54
Belgrade	F	27	81	Moscow	F	24	75
Berlin	F	18	64	Munich	C	16	61
Brmghm.	C	16	61	Newcastle	C	15	59
Bristol	F	17	63	New York	S	28	82
Brussels	F	20	68	Oslo	F	19	66
B. Aires	S	11	52	Paris	S	22	72
Cairo	S	32	90	Perth	S	16	61
Cardiff	F	18	64	Prague	F	19	66
Chicago	S	21	70	Reykjavik	F	11	52
Cologne	F	21	70	Rio de J'o	C	20	68
Copnhagn.	C	15	64	Rome	S	28	82
Dublin	C	16	61	Singapore	S	30	87
Edinburgh	C	16	61	Stockholm	S	19	66
Frankfurt	S	22	72	Strasbrg.	S	23	73
Geneva	C	22	72	Sydney	S	13	55
Glasgow	C	14	57	Tehran	S	31	88
Helsinki	C	15	59	Tokyo	C	35	93
H. Kong	S	30	87	Toronto	C	25	77
Jo'burg	S	23	74	Vienna	F	23	73
Lisbon	S	32	90	Warsaw	F	19	66
London	F	18	64	Zurich	C	20	68
Luxemb'g	S	31	78				

HOLIDAY RESORTS

Ajaccio	S	26	79	Jersey	S	19	66
Algiers	F	29	84	Las Plms.	S	25	77
Biarritz	F	23	73	Locarno	S	25	77
Blackpool	C	15	59	Majorca	S	29	84
Bordeaux	S	27	81	Malaga	S	31	88
Boulogne	F	17	63	Malta	F	26	79
Casablnca.	F	27	81	Nairobi	S	20	71
Cape Town	[illegible]	[illegible]	[illegible]	Naples	[illegible]	[illegible]	[illegible]
Corfu	[illegible]	[illegible]	[illegible]	Nice	[illegible]	[illegible]	[illegible]
Dubrovnik	[illegible]	[illegible]	[illegible]	Nicosia	[illegible]	[illegible]	[illegible]
Faro	[illegible]	[illegible]	[illegible]	Oporto	[illegible]	[illegible]	[illegible]
Florence	[illegible]	[illegible]	[illegible]	Rhodes	[illegible]	[illegible]	[illegible]
Funchal	[illegible]	[illegible]	[illegible]	Salzburg	[illegible]	[illegible]	[illegible]
Gibraltar	[illegible]	[illegible]	[illegible]	Tangier	[illegible]	[illegible]	[illegible]
Guernsey	[illegible]	[illegible]	[illegible]	Tenerife	[illegible]	[illegible]	[illegible]
Innsbruck	[illegible]	[illegible]	[illegible]	Tunis	[illegible]	[illegible]	[illegible]
Inverness	[illegible]	[illegible]	[illegible]	Valencia	[illegible]	[illegible]	[illegible]
Isle of Man	[illegible]	[illegible]	[illegible]	Venice	[illegible]	[illegible]	[illegible]
Istanbul	[illegible]	[illegible]	[illegible]				

S—Sunny. F—Fair. C—Cloudy. R—Rain.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.